

The Hon'ble Mr. Bhurgri asked :

"(a) Will Government be pleased to state what progress the Sukkur Weir Scheme has made ?

"(b) Is it true that the experts consulted are not unanimous about the success of the scheme ?

"(c) Will Government be pleased to state what experts were consulted in the matter ?

"(d) Will Government be pleased to lay on the table the opinion of such experts and also the figures of the cost of the scheme together with the revenue forecast ?"

The Hon'ble Sir Robert Carlyle replied :

"The scheme referred to in the question is under the consideration of the Inspector General of Irrigation, whose report has not yet reached the Government of India. I am unable therefore to furnish the information called for by the Hon'ble Mr. Bhurgri."

The Hon'ble Mr. Bhurgri asked :

"Will Government be pleased to state when the new district of Nawabshah in Sind is likely to be created ?"

The Hon'ble Sir Reginald Craddock replied :

"The orders of the Secretary of State on the subject are awaited, and no date can therefore be specified."

The Hon'ble Mr. Bhurgri asked :

"(a) Will the Government be pleased to state if the Bombay Government recently moved them to permit the Deputy Collectors in that Presidency drawing Rs500 as pay, to be classed as first class officers for the purpose of their travelling allowances ?

"(b) Is it a fact that the Government of India, while permitting those Deputy Collectors who were appointed directly to the Provincial Service to rank as such, have refused the privilege to be extended to other Deputy Collectors of the same grade ?

"(c) Will the Government be pleased to state the reasons for making such distinction ?"

The Hon'ble Sir Reginald Craddock replied :

"(a) & (b) The answer is in the affirmative.

"(c) It was considered that Deputy Collectors who received direct appointments to the Provincial Civil Service, in view of their antecedents and prospects in the Service, were entitled to this concession in the matter of travelling allowance."

The Hon'ble Mr. Bhurgri asked :

"Do Government propose to grant local allowances to the establishment of the North-Western Railway in Karachi in the same way as local allowances have been granted by the Government of Bombay to other establishments in Karachi ?"

The Hon'ble Sir T. R. Wynne replied :

"The staff of the North-Western Railway at Karachi petitioned the Railway Board lately for the grant of a local allowance.

"The matter is at the present moment the subject of correspondence with the Manager, North-Western Railway."

[*Mr. Dadabhoy; Mr. Clark; Mr. Gokhale; Sir Guy Fleetwood Wilson; Pandit Madan Mohan Malaviya.*] [7TH MARCH 1912.]

The Hon'ble Mr. Dadabhoy asked :

"Will Government be pleased to state the amount of subsidy, if any, it pays to Messrs. Lynch Bros. for the maintenance of a river flotilla on the Karum in Persia?"

The Hon'ble Mr. Clark replied :

"The answer is that the Government of India pay nothing towards the steamer service on the Karum river."

The Hon'ble Mr. Gokhale asked :

"(a) Are the Government aware that a notification has been issued upon the Indian residents of the Township of Vrededorp in the Transvaal, under the Vrededorp Township Act, 1907, calling upon them to remove from the Township by February 18th of this year?"

"(b) Is it a fact that these Indians have traded there for many years unmolested? Have Government any information as to whether the Indians complain that the compensation offered to them is purely nominal and that the enforcement of the notification means absolute ruin to them?"

"(c) Have the Government taken any steps, and, if so, what, to obtain relief in this matter?"

The Hon'ble Mr. Clark replied :

"(a) Government are aware that a notification has been issued to Indian residents of the township of Vrededorp in the Transvaal, under the Vrededorp Township Act, 1907, calling upon them to remove from the township by February 18th of this year."

"(b) The reply to the first part of the question is in the affirmative. The Government of India have received representations containing statements to the effect mentioned in the second part of the question."

"(c) In view of the fact that the notification has been legally issued under the Act of 1907, and after the period prescribed by that Act has been allowed to elapse, no action is at present contemplated, but Government will continue to give careful attention to any developments in the situation."

The Hon'ble Mr. Gokhale : "Has the notification been enforced?"

The Hon'ble Mr. Clark : "We have no information about that yet."

FINANCIAL STATEMENT.

FIRST STAGE.

The Hon'ble Sir Guy Fleetwood Wilson : "My Lord, I open the first stage of the discussion on the Financial Statement."

PROVINCIAL GRANT (UNITED PROVINCES).

The Hon'ble Pandit Madan Mohan Malaviya : "My Lord, I beg to move that this Council recommends to the Governor-General in Council that the special grant to the United Provinces be raised by a sum equivalent to one-eighth of the land-revenue raised in those Provinces."

"My Lord, the Council will remember that I raised this question last year also. I regret that I could not persuade the Council to accept my Resolution, but the demand which I made on behalf of my Province was and is a just one,

and I bring it forward in the earnest hope that the justice of it will yet be recognised by the Council and the Government.

"I went last year at some length into the history of what are called Provincial Settlements. I showed that these settlements were in the beginning based on no principle. The actual expenditure of the year which preceded the year in which the settlement was made was taken as showing the standard of expenditure which the Provinces required, and a settlement was made for five years on that basis. The result was that the Provinces which were spending most received the largest share, and those which were spending least got the smallest share of their revenues for provincial purposes. The United Provinces suffered for their virtue, as the Hon'ble Sir James Meston put it last year. How this came about the Hon'ble Mr. Gillan, our present Comptroller General, very clearly explained in the Financial Statement which he presented as Secretary to the Government of the United Provinces in 1909:

'It is not, I think, out of place to observe,' said Mr. Gillan, 'it is indeed sufficiently well-known that this Province has undoubtedly suffered from the application of the principles on which previous settlements were conducted. We think it can be shown that in the early days for one reason or another the finances of these Provinces were administered much more strictly and economically than was the case in most other Provinces. But so long as the system of short-term settlements endured, the policy deliberately announced and consistently applied was to base each revision on the recent actuals of expenditure. To compare great things with small, the result is the same as if in fixing the contract grants of district officers the Government were to pay attention only to the actuals of recorded expenditure. In that case the Collector who spent the most would get the most, while it would be judged that a district where the expenditure was small had small requirements. Similarly this Province, because it began with little, has continued to receive little.'

"The settlements made during the last twenty years have tended to remove the inequalities between the different Provinces which inevitably arose under such a system. The Government of India have laid down certain general principles which underlie, or rather which should underlie, the financial settlements of the Government of India with a Local Government. I drew attention to these principles last year. One of these is that 'so far as possible, the same share of the chief sources of revenue shall be given to each Province to ensure a reasonable equality of treatment.' Following this principle the Government of India has allowed every Province of India except the United Provinces to retain half of its land-revenue for Provincial expenditure, taking the remaining half to itself. In the case of Burma, it has allowed five-eighths of the land-revenue to be so retained for Provincial expenditure. The Central Provinces, the Punjab, Madras and Bombay each get half the share of their land-revenue. The three new Provinces of re-united Bengal, Bihar and Assam have also each had half the share of their respective land-revenues allotted to them under the settlement recently made for them. But the principle of this equality of treatment has not been extended to the United Provinces. Only a $\frac{3}{8}$ th share of their land-revenue is allowed to them, and this has long been a matter of sore complaint with the United Provinces. When our present Lieutenant-Governor took charge of the Provinces, the first financial statement which came before him was rightly described as that of 'a deficit Province,' not because our revenues were small and unequal to our expenditure, but because the Government of India did not allow us to retain a sufficient portion of our revenues to meet our Provincial expenditure. Speaking on the subject in March 1907, Sir John Hewitt said:—

'The matter of most absorbing interest, both on this occasion and on the occasion of recent discussions of the Financial Statement, has been the question of the time when we may expect to have a revised settlement sanctioned by the Government of India under terms upon which such a settlement will be determined in these Provinces. By the courtesy of the Hon'ble the Financial Member of the Governor General's Council I am able to say that it is in contemplation to take up during the coming year a revision of the settlement, and to place the United Provinces generally on terms similar to those of the most recent settlements which give the Local Governments a half share in the divided revenue. I have also received Mr. Baker's assurance that when the revision is made the Lieutenant-Governor shall have ample opportunity of expressing his opinion on the details, both by written communications and also at personal interviews. Upon this subject there is nothing more to be said at the present time except that I think that we may be sanguine of getting good terms.'

"To our great regret and disappointment, when the new settlement was announced, these hopes were not realised. Speaking on the 3rd April 1909, Sir John Hewett said:—

'Mr. Gillan has referred in some detail to the new Provincial settlement, and it is not necessary for me to follow him. I cannot feel very confident that the settlement will prove a lasting one. We are grateful to the Government of India for the increased share of the revenues collected in the Province given to us by them, and especially for the guarantee of a minimum Provincial share of land-revenue of Rs 240 lakhs; but the feeling is hardly unnatural that we are entitled to a share of the large sum of land-revenue paid by this Province more approximate to what other more fortunate Local Governments get than three-eighths which we receive. And in the matter of the standards of expenditure fixed we are undoubtedly suffering now from the niggardly retrenchments of Provincial expenditure in the somewhat distant past. The policy then followed prevented the standard of expenditure under various heads from ever reaching the figure demanded in the interests of the Province. I need not do more than mention the standards of educational and judicial expenditure in order to illustrate my meaning.'

"The complaint has been repeated year after year by members of the Legislative Council of the United Provinces, and their representatives here, and also by the Head of the Local Government, that the share of revenue allotted to us is not sufficient to meet expenditure. I will quote only from official statements. Speaking in April 1910 our Lieutenant-Governor, Sir John Hewett, repeated the complaint in the following words:—

'The Hon'ble Mr. Gillan has more than once explained to the Council how little elasticity there is in our receipts, and demonstrated that we can hardly hope to meet from the expansion of our revenues which we are entitled to anticipate in the near future more than the normal increase of expenditure which must occur from year to year. It is quite evident from the experience which we have now gained of the present financial settlement that it will be impossible to work it so as to effect the reforms which are necessary in the different branches of administration in the Province. We are the second Province in the Indian Empire—I may say that since the reconstitution of Bengal we are the first—in population, and we pay the largest amount of land-revenue to the Imperial Government. Even if we were given a half share of the land-revenue, we should still stand below other Provinces in this respect. The Hon'ble Sir Guy Fleetwood Wilson has impressed on Local Governments the need for sobriety in the administration of their finances. I do not think that I am inclined to be recklessly extravagant in the matter of the expenditure of Government money, though I do ardently desire to elevate the people in every way which seems possible, and specially to give them greater opportunities for education than they enjoy now, and to improve the healthiness of their daily life.'

"My Lord, we are thankful for the doles that the Government of India has given us during the last two years, for the non-recurring grants for education and sanitation made last year, and for the recurring grant of 7 lakhs for education and the non-recurring grant of 9 lakhs for sanitation and agricultural improvement made this year. These, however, are grants which have been made to us along with grants made to all other Provinces. They give us but a small fraction of what we require, and do not raise the standard of our expenditure so as to bring us nearer in comparison with that prevailing in other Provinces. This cannot be done until a larger share of our land-revenue is assigned to us. Our contributions in land-revenue justify our request. The contributions in land-revenue which are expected for the next year from the different Provinces are: the Central Provinces 187 lakhs, Burma 432 lakhs, Assam 76 lakhs, Bengal 269 lakhs, Behar 151 lakhs, the Punjab 352 lakhs, Madras 683 lakhs, Bombay 526 lakhs, and the United Provinces 672 lakhs. I have left out the thousands. Now every one of these other Provinces except Burma, which gets a five-eighths share, receives a half share of the land-revenue. It is the United Provinces only which make the largest contribution of all (except Madras which occasionally comes up to our standard), which receives a three-eighths share only. We have contributed enormous sums to the surpluses of the Government of India in the past, and we are contributing very largely to-day. Our land-revenue contributions have been the largest for a number of years, and I submit that this circumstance strengthens and supports our request; for, if our contributions had been poor, it might have been said that we ought not to get a half share as we contributed a small amount altogether. But the facts are just the other way. Nor is it, my Lord, that we are receiving larger grants under

heads other than the land-revenue. If we were receiving larger grants under other heads so as to raise the total amount given to us as high as what other Provinces enjoy, our complaint would lose some of its force; but that is not so. In replying to my motion on this very subject last year the Hon'ble Mr. Meston said :—

'The fact that one Province gets half of the land-revenue and another gets five-eighths while the United Provinces has only three-eighths, is really irrelevant. The great point is to get such a share of the growing revenue as will be equal to the normal requirements of the Province, and to see that the ratio of growth in that share of revenue is roughly equivalent to the ratio of growth in its expenditure. Whether it gets that growth of revenue from its land-revenue or from excise or from stamps, or from any permutation and combination of them, is not important. What is really required is that we should give the Province a sufficient share of its own revenues to enable it to meet its current requirements, calculated with a reasonable margin.'

"So far, Sir, I agreed with my Hon'ble friend, but when he went on to say that the United Provinces have got this, I joined issue with him. I showed last year by a comparison of the total amounts allowed to every Province—to the eight major provinces—that even in the aggregate we receive a smaller percentage of our revenues than is allowed to any other Province. I showed that the Central Provinces were allowed to retain 71·52 per cent. of the total revenues contributed by them for Provincial expenditure; Burma was allowed to retain 68·03 per cent.; Eastern Bengal and Assam was allowed to retain 68·06; Bengal was allowed to retain 62·49 per cent.; Bombay was allowed to retain 69·61 per cent.; the Punjab was allowed to retain 55·33 per cent.; Madras was allowed to retain 52·57 per cent.; but the United Provinces were allowed to retain only 52·16 per cent. of the total revenues contributed by them, for Provincial expenditure. So that, my Lord, it is not that only a smaller share of the land-revenue is allotted to us than is allotted to every other Province, but in the sum total also of what is allotted to us, we stand on the lowest rung of the ladder in comparison with other Provinces.

"This much, my Lord, as regards our contributions and the total amount left to us to spend. I will next draw attention to our needs. They are multifarious and they are very very pressing. The Hon'ble Sir James Meston said last year that we received a sufficient share of our revenues to enable us to meet our current requirements, calculated with a reasonable margin. I endeavoured to show that it was not so. And if my friend still holds that opinion, I regret that I cannot agree with him in that respect. Nor does the Government of the United Provinces or its high officials. In his speech from which I last quoted, after showing that the present settlement is inadequate and unsatisfactory, Sir John Hewett emphatically stated :—

'I am satisfied that it is absolutely necessary, if the people of these Provinces are to be treated as they deserve to be treated and as the people of other Provinces are treated, for the Local Government to be given a larger share of the revenue which accrues within the United Provinces. I am convinced that this will be necessary in order to meet the clamant and unanswerable demand for expenditure on such matters as education, particularly on primary, female and industrial education, on sanitation and medical relief, on the improvement of judicial arrangements, and on the revision of the terms of service of ministerial establishments.'

"Year after year the Director of Public Instruction has been drawing attention to the need for a much larger expenditure on education in the United Provinces. Our late Director, Mr. Lewis, showed that we required 80 lakhs a year to raise us to the standard of expenditure on education that prevailed in Bombay a few years ago. Mr. Lewis said : 'There is a demand in perhaps all districts for more schools, and more schools; but they cannot be opened because the funds are exhausted. When a people cry out for education and cannot get it, we may well, with Carlyle, count it a tragedy.' Our present Director, the Hon'ble Mr. de la Fosse, has been urging our claims with equal strength and emphasis. Speaking at a meeting of the Legislative Council of the United Provinces last year, and after referring to the special grant of 15 lakhs which the Government had been pleased to make to us last year, Mr. de la Fosse said—

'This special grant is not for recurring expenditure, so that it is not available for increasing facilities for education in so far as these depend upon permanent expenditure for

maintenance of schools. But we are very grateful all the same for this most welcome windfall. It will enable a good deal to be done for the improvement of accommodation and equipment in all classes of schools and colleges, and the needs in all alike are of a very pressing nature. The recurring increase of 3.71 includes, as explained by Mr. Burn, Rs. 2,94,000 which is really only a financial adjustment between District Board and Provincial accounts. I mention this because if misunderstood it might give rise to bitter disappointment.

"After having thus explained that we had really received no increase for recurring expenditure, the Hon'ble the Director of Public Instruction went on to show how sadly urgent was this need for larger grants. He said :

'The Boards are at their wits' end for money with which to meet urgent demands for providing more facilities for primary vernacular education, and some of them are apt to resort to desperate means to find their funds. It was my painful duty in my Annual Report on Public Instruction to call attention to a decrease in the number of primary schools and scholars; and though there may be, and I believe, are, deep-seated causes of a social and economic nature operating to retard the progress of vernacular education among large masses of the people, yet I have no doubt that there are enormous numbers that would come to school willingly enough if opportunities were afforded them. The tragic disappearance of schools in the Benares Division, repeated in a lesser degree in other divisions, paradoxical as it may seem, if rightly viewed, gives no cause for despondency. There was no unwillingness to come to school, but on the contrary scholars had to be turned away. The situation may be summed up in a line, "the hungry sheep look up and are not fed."

"This, my Lord, is the position with regard to education in my Provinces. I need not repeat what I said regarding the needs of sanitation last year. They are equally pressing. I am thankful for the recurring grant of 7 lakhs made this year by the Government of India to promote truly popular education. I also feel thankful for the grant of 9 lakhs which has been made for sanitation and for agricultural improvement. But I submit, my Lord, that these provide only a fraction of what the requirements of the Province demand; and I submit that the standard of our Provincial expenditure cannot be raised to a healthy level unless the Province is allowed to retain the same share of the land-revenue which is allowed to other Provinces. In speaking of Provincial finance in his Financial Statement, the Hon'ble the Finance Member was pleased, after referring to the case of Burma, to say :

'Other Provinces have all fared extremely well, and I have every hope that the permanence of their settlements will strengthen the spirit of economy and self-reliance in the Provincial administrations, while leaving them ample margin for all legitimate expansion.'

"From all that I have said before, it must be evident that these remarks cannot in truth apply to the United Provinces. We have not fared at all well. And we have not only no margin for all legitimate expansion, but not enough to meet the most insistent and reasonable demands. I have sufficiently drawn attention to the complaints which have been repeated on this score in the past. Even last year the Financial Secretary to the Government of the United Provinces deplored the fact that he had no money with which to meet the various demands which had been urged upon the Government, unless the hope which had been expressed was realised that the Government of India might be moved to give a considerably larger share under the land revenue heads than is given at present.

"Such, my Lord, is the position of the United Provinces. I submit our population, which is now the largest in any Province in the country, justifies our request that we should be allowed to retain at least 60 per cent. of our revenues for expenditure in the Province, that being the average percentage of the revenues allowed to most of the other Provinces. Our needs also justify that demand; and last, but not least, our contributions justify it. We press our claim upon the consideration of the Government when it is in a position easily to accede to it. The Hon'ble the Finance Member is rejoicing over the large surplus which 'abounding good fortune' has placed in the hands of the Government of India. I rejoice with him. But I beg of him and the Government to recognise

that a good portion of that surplus is made up of the sum which has been raised in the United Provinces and which on the principles laid down by the Government of India in the case of every other Province rightly belongs to these Provinces.

"In the Budget Statement to which we listened with so much interest the other day the Hon'ble the Finance Member said :—

'The chief advance, however, is under Land-revenue, where the return of normal conditions in the areas that suffered from the irregularities of the last monsoon will, we trust, be the main contributor to an increase of which the Imperial share should be something in excess of £400,000.'

"Further on, he said :

'There is thus an addition of £1½ millions to the Imperial share of the land-revenue over and above the £400,000 which comes to us from improved collections.'

"Now, my Lord, as I have said before, these expanding revenues and these improved collections are made up in no small measure by the contributions of the United Provinces, which are the largest in the whole country, and it is nothing but fair that before the Government of India begin to divide and distribute all over the country the surpluses which are swelled by these contributions, a portion of the money which is necessary to give to the United Provinces, the share of their revenues to which they are entitled on the principle laid down by the Government and applied in the case of every other Province, should be set apart for them. A general distribution should be made among other Provinces only of what should be available after such adjustment. I hope, my Lord, the justice of this claim will commend itself to the Government and that the Resolution which I have the honour to move will be accepted."

The Hon'ble Nawab Abdul Majid : "My Lord, it is with great pleasure that I support the Resolution that has been brought forward by the Hon'ble Pandit Madan Mohan Malaviya. Last year, when this question was before this Council, my Hon'ble friend had demonstrated with much ability and much force of reasoning that it was absolutely necessary that the United Provinces should be on the same footing of equality as other Provinces are. My Lord, this question was also brought forward at the last Budget meeting of our Provincial Council. In that Council there was not a single non-official Member at that time who did not feel that this Province was not well treated. Every non-official Member brought forward in their speeches this question, and they urged upon His Honour the Lieutenant-Governor that the matter should be brought to the notice of the Imperial Government as to why this unfair treatment was accorded to the United Provinces. It cannot be denied that the United Provinces contribute a substantial sum to the Imperial Exchequer; at the same time it cannot be denied that the requirements of the United Provinces are not less than the requirements of other Provinces. Well, if this is so, why is it that they should not get the same proportion of revenue as is given to the other Provinces? My Lord, with these words I support this Resolution."

The Hon'ble Mr. Sinha : "My Lord, I have very great pleasure in supporting the Resolution moved by my friend the Hon'ble Pandit Madan Mohan Malaviya, who has made out an exceptionally strong case for better treatment being accorded to the United Provinces. I think, in this matter, the people in the United Provinces have a very just grievance; for whereas the other Provinces receive half share of the land-revenue, they only receive three-eighths. I shall be very glad, therefore, if the Government see their way to accepting this Resolution."

The Hon'ble Sir Guy Fleetwood Wilson : "My Lord, I quite appreciate the motive which has weighed with the Hon'ble Mover in throwing his Resolution into the particular form that he has adopted. He regards it as, I will not say a slight, but certainly an unfortunate distinction that his

Province—the Province which he and the Hon'ble Nawab Abdul Majid so patriotically and ably represent in this Council—should receive a share of the great Land-revenue head which is less than that assigned to the other Provinces of India. With that sentiment I have entire sympathy; and if the distinction in itself implied in reality any definite detriment to the United Provinces, I should not be backward in acceding to his earnest desire for its rectification. The Hon'ble gentleman himself, however, has said enough to show that he fully realises that the mere grant to the Province of a full half share of the land-revenue receipts would not, under our present settlement system, meet his wishes. He recognises that if we increased the Provincial share of the land revenue, we should only have to make a corresponding reduction under Stamps or Excise or some of the other leading heads of receipts. The net result would be no real improvement on the present position. The Province would have the same assignment of growing revenues at its command, only it would be derived in a larger measure from land-revenue, and in a minor degree from other divided heads. In fact it is not impossible that the Province might be slightly worse off in the long run, if, for example, the growth of the land-revenue should turn out to be less rapid than that of the other classes of receipts which the Province shares with the Imperial exchequer.

“What the Hon'ble Pandit is aiming at, however, is something more than the mere rectification of a sentimental grievance. He has pointed out in eloquent language and with wealth of detail the needs of his Province. He has told us with what advantage it could absorb a much larger volume of money for all sorts of benevolent purposes; and he has pictured the step-motherly attitude which the Government of India has shown towards the United Provinces in the past. What he really wants therefore is that the Province should get a full half of the land-revenue receipts without giving up any share of what it already derives from the other heads of revenue. This would mean, on the budget figures for next year, an additional Imperial assignment of no less than 82 lakhs to the Local Government. I regret that I am obliged to oppose this proposition; and I do so out of no want of sympathy with the Hon'ble Member's enthusiasm for the development and well-being of his own Province, but simply on three broad grounds of principle, which seem to me incontrovertible.

“In the first place, I could not possibly accede to any proposal which aims at effecting theoretical equality between the spending powers of the different Provinces. I do not contest the point, which the Hon'ble mover has argued with much force and moderation, that the United Provinces contribute a very large ratio of their revenues to the general exchequer. I believe that by the ordinary statistical tests the United Provinces and Madras are shown to contribute a larger ratio than the other Provinces of India. Nor am I prepared to deny that this position may be in some measure the result of the economical working of the Local Government in years gone by. But many years have passed, and a good many settlements have been framed and revised, since the causes of this inequality cease to operate. We have to take things as we find them. We have revised the United Provinces' settlement on several occasions since the time of which the Hon'ble Pandit is thinking, and we have always done so in the direction of increased liberality. We have never attempted to regulate the spending powers of any one Province with relation to those of its neighbours, and we cannot accept any such principle of action now. I am sure that the Council will see that it would be thoroughly impracticable, at this stage of our financial development, to attempt to throw all the Provinces into one mould, to level up the expenditure on education in one, to level down the expenditure on general administration in another, and so forth. Anything of this sort is clearly impossible. In some cases it would mean a complete stoppage of business; and in others it would mean flooding a Local Government with money which for years to come it could not profitably utilise. The financial position of each Province has been built up on its own lines; and it

would be the worst of folly to pull down the erections now and to attempt to reconstruct them on a uniform plan.

"The second of my objections follows as a sequel to the first. The steady development and the growing elasticity of Provincial finance have led us steadily to the important reform which I announced a year ago, namely, the creation of permanent financial settlement with all the Provinces. The Hon'ble Member's proposal would mean a complete recasting of the United Provinces' settlement before it is a year old. To this I could not for a moment consent. We had the strongest of reasons for making the arrangements which now obtain, and for insisting on their permanent character. We did what we did in the interests both of the Provinces themselves and of the general finances of India. Any weakness or change of purpose would open the door to financial chaos, and point the way to the bankruptcy of India. I regret that we must definitely reject any proposal that would have the effect of undoing the work of our permanent financial settlements.

"In the third and last place, we are unable to meet my Hon'ble friend because we cannot afford the 82 lakhs which he asks for. His proposal would involve the permanent withdrawing of that large sum of money from our annual Imperial resources. It would to that extent interfere with the development of our schemes for the general improvement of Indian education, sanitation, and all the other beneficial services which the Hon'ble Member, I am sure, has as much at heart as I have. It would be robbing Peter to pay Paul; and I regret that the Government of India cannot agree to it."

The Hon'ble Pandit Madan Mohan Malaviya: "My Lord, it occurred to me that I should apply the very phrase which the Hon'ble the Finance Member has used at the end of his speech in describing the arrangement that prevails at present; but I feared that I might be deemed guilty of want of respect to the Government if I did so. But, my Lord, now that the Hon'ble the Finance Member has said that if the Government accepted my motion, and acted on it, it would be a case of robbing Peter to pay Paul, with great respect to the Hon'ble Member, I must say that the case is entirely otherwise. If the Government accepted my motion, they would cease to be guilty of withholding from the United Provinces what is fairly and rightly their share and distributing the money among other Provinces which have absolutely no right to it. My Lord, the Hon'ble the Finance Member says that what I really ask for is an addition of 82 lakhs to the amount which is given to the United Provinces. That is true; I have made no secret of it; I have tried to explain it as clearly as I could; I do not want that an increased grant should be made under the head Land-revenue and that there should be reductions under Forest, Excise and other heads. My complaint is that whether we look at the proportion of land-revenue allotted to us or whether we look at the sum total of revenues allotted to the United Provinces under all the divided heads, we do not receive our fair share of the revenues, and I have asked that the land-revenue should be increased both because it will place us on a level of equality with other Provinces in respect of the proportionate share of land-revenue allotted to us and the other Provinces, and because it will give us a higher percentage of the total of our revenues to be spent in the Province. I have shown, my Lord, that the average which is allotted to most of the other Provinces is about 60 per cent. of their revenues; and if 82 lakhs is added to the revenues which the United Provinces are allowed to retain at present, that would give us just nearly 61 per cent. of our total revenues to spend within the Province. My Lord, my request is not unreasonable, because if it is granted it will not give us a larger share of our revenues than what the other Provinces enjoy. The Hon'ble the Finance Member says that he cannot agree to bring about a theoretical equality between the various Provinces. I do not ask for theoretical equality. All that I ask for is that the principles which the Government of India have developed after years of careful consideration, should be applied in the case of the United Provinces, as they have been applied in the case of other Provinces; and I have shown that, if they are so applied, we are clearly entitled to have

one-eighth more of the land-revenue of the Province left to us for expenditure within the Province.

"Then, my Lord, the Hon'ble Finance Member says that he has to take things as he finds them. Surely that is not so. If the Government of India were content to take things as they found them, I submit, my Lord, that there would be very little progress possible. The Government of India have during the last thirty years revised the Provincial settlements several times. Many mistakes have been rectified and many inequalities have been removed, as the Hon'ble Sir James Meston was good enough to point out last year. All that we ask for is that this very glaring mistake, this gross inequality of treatment under which the United Provinces get only 3-8ths of their land-revenue, while every other Province gets 4-8ths, should be rectified by 1-8th more of our land-revenue being left to us by the Government of India.

"My Lord, another objection urged by the Hon'ble the Finance Member is that the acceptance of my proposal would disturb the steady development of Provincial finance, that there has been a permanent settlement, and that we ought not to disturb it within a year of its existence. I submit, my Lord, that it is a misnomer to call these Provincial settlements permanent. They are nothing of the kind. The Government of India have reserved to themselves ample powers to revise the settlements when they think it right to do so. And if it is shown, as I believe it has been shown, that the settlement which has been made leaves practically the United Provinces in a state of stagnation, if not of starvation, then I submit that the justice of the case demands that such a settlement, even though it may have been called permanent, should be revised. I have already referred to the opinion of Sir John Hewett. He has said on two occasions that he did not feel that the settlement was a satisfactory one or that it will prove a lasting one. He has plainly said that it is quite evident from the experience which we have gained of this financial settlement that it will be impossible to work it so as to effect the reforms which are necessary in the different branches of administration in the Province; that the pressing demands of education, sanitation and general administration cannot be met in the United Provinces until the Government of India agrees to revise the settlement and to place a larger sum of the revenue which accrues within the United Provinces at the disposal of the United Provinces Government.

"My Lord, the Hon'ble the Finance Member says that in considering my proposal two things are to be borne in mind—the interests of the United Provinces and the general interests of India as a whole. True; and all that I urge is that the interests of the United Provinces should not be sacrificed to secure an unfair advantage to the rest of India. With due deference to the Hon'ble Member, I submit that, in laying down the terms of our Provincial settlement, he has been less mindful of the interests of the United Provinces and more of the general interests of India than he should justly have been, and I invite him to remedy the injustice.

"My Lord, the third objection which the Hon'ble Member has urged against my proposal is that it will take away 82 lakhs from the permanent income of the Government of India. I submit that it will not deprive the Government of India of even a pice of its own true income. It will only save it from appropriating any further the 82 lakhs a year which it has been wrongly appropriating for some years past, and which, according to the principles laid down by the Government of India itself, rightly belongs to the Government of the United Provinces, and ought to be left in its exchequer. The Government of India recognise that a sufficiently large proportion of the revenues raised in a Province should be left to be spent within the Province for the benefit of the people. This principle is in conformity with the law of nature that the moisture which is drawn from an area ought to descend upon that area in refreshing showers to improve and fertilise it. Unfortunately for us of the United Provinces, a substantial portion of the moisture drawn from us is distributed on soils other than

our own, while we are dying for the want of it : the revenue drawn from the United Provinces is not allowed to return to fertilise and improve it in the same proportion in which the revenue of the other Provinces is allowed to return to them. I submit, my Lord, that when the Government have a large surplus in hand as at present, they should first allot what is fairly and justly due to every Province, and then distribute the balance that may be available among the different Provinces. My Lord, I do not desire for one moment that any other Province should suffer any loss. All that I ask for is that out of the revenues towards which the United Provinces have contributed along with other Provinces, the fair share of the United Provinces should first be set apart for them, and then there should be a general distribution. I hope the Government will yet be pleased to reconsider the matter and to rectify a position which, with all deference to the Hon'ble the Finance Member, I think he has not been able to defend."

The Resolution was put and rejected.

EXPENDITURE ON NEW DELHI.

The Hon'ble Mr. Gokhale : "My Lord, I beg to move that this Council recommends to the Governor General in Council that the amount of the loan to be raised during the next year be increased by one crore of rupees, so that the expenditure proposed to be incurred for building new Delhi in 1912-13 should be met entirely out of loan funds and not partly out of next year's estimated surplus.

"My Lord, I do not think it is necessary for me to occupy the time of the Council for many minutes in discussing this question, because the issue which the Resolution raises is a comparatively simple one and may be briefly stated. In the Government of India despatch of 25th August last, recommending the administrative changes, recently carried out, to the Secretary of State, the question of the cost of building new Delhi is thus dealt with :—

"The cost of the transfer to Delhi would be considerable. We cannot conceive, however, that a larger sum than 4 millions sterling would be necessary, and within that figure probably could be found the three years' interest on capital which would have to be paid till the necessary works and buildings were completed. We might find it necessary to issue a "City of Delhi" gold loan at 3½ per cent. guaranteed by the Government of India, the interest, or the larger part of the interest, on this loan being eventually obtainable from rents and taxes."

"It is quite true that the language of this extract is guarded, but still what the Government mention here is that a loan to be called 'the City of Delhi' loan might have to be raised in order to meet the cost of constructing the new capital. There is no mention made here of spending any money on the new capital out of current revenues—either out of regular revenue allotments in the budget or out of surpluses. The Hon'ble the Finance Member, however, in his Financial Statement explains the course he proposes to adopt, in the following words :—

"I may say at once that we are not yet in the possession of any estimates of its cost. Plans for the temporary housing of the Government of India head-quarters are under preparation; but no plans for the permanent Imperial City are to be thought of until the best available experts have studied and advised upon the project in all its bearings. Meanwhile, my immediate duty has been to devise a scheme for financing the work, a scheme which will be as little onerous as possible to the taxpayers of India. Three possible alternatives have presented themselves throughout. The first, and in some ways the most attractive, would be a special Delhi loan. The second would be to charge the whole expenditure as it occurs against current revenue. The third would be to put the Delhi works on precisely the same footing as our large railway and irrigation works, treating them as capital expenditure and financing them partly from loans and partly from whatever spare revenues remain in each year after meeting our ordinary administrative needs. I shall not weary the Council by the various considerations which decided us, with the full approval of the Secretary of State, to adopt the third of these courses. It will, I believe, commend itself to the financial and commercial community of India. By treating the Delhi operations as ordinary capital work, we ensure the greatest possible elasticity in the provision of funds; we avoid unnecessary additions to our unproductive debt; and I hope we allay the fear—so far as I am concerned a baseless fear—that the new city will be built from the produce of fresh taxation."

"The Hon'ble Member goes on further to say that—

'If money is easy and we can obtain more than we immediately require, it will lie in our cash balances available for future use. Meanwhile, as we shall now have three sections in our annual capital programme instead of two, we may reasonably enlarge the conventional figure of one crore which we have hitherto endeavoured to secure as our revenue surplus. There is no need to fix any standard surplus; much will depend on the circumstances of the year and on the other interests concerned; but whenever we find ourselves able to budget for a larger surplus than £667,000 without detriment to the other claims upon us, we shall do so until the financing of new Delhi is completed.'

"It will be seen that in this extract the Hon'ble Member does not confine himself to the idea of building Delhi out of loan funds but makes prominent and even pointed mention of devoting such surpluses as may be available to the new capital. Now, my Lord, I do not say that there is necessarily any inconsistency between the despatch of the Government of India and the statement which the Hon'ble Member has made. It may be urged that while the despatch of the Government of India merely mentions that it *might* be necessary to raise a loan, it does not bind the Government to build Delhi out of loan funds only; on the other hand, the language of the Hon'ble Member, though it speaks of devoting surpluses to the construction of Delhi, does not exclude the possibility of raising a loan for building the capital. This, my Lord, is perfectly true. But the general impression left on the minds of those who read the despatch undoubtedly was that the new capital would be built out of loan funds, as any one can see from what appeared in various newspapers at the time on the subject. On the other hand, the impression that is strongly created by the words which the Hon'ble Member has used in his Financial Statement is that surpluses would first be devoted to the building of Delhi, and if any more money is required, that would be found by means of loans.

"My Lord, the Hon'ble the Finance Member says that he wishes to allay the fear—so far as he is concerned, he thinks it is a baseless fear—that the new city will be built from the produce of fresh taxation. Now, in speaking of fresh taxation, I fear the Hon'ble Member is taking only a technical advantage of certain expressions which have appeared in the Press in this connexion. It is true that immediately after the Delhi announcements some newspapers started the cry that the new capital would cost a lot of money, and that fresh taxation would be necessary. But, my Lord, whether the Government imposes fresh taxation for building Delhi or keeps up taxation at a higher level than is necessary for the ordinary needs of the country and secures surpluses which it devotes to Delhi, is after all the same thing. For when you devote your surpluses to this work, you practically take that money out of the current revenues of the country. My Lord, what is a surplus? It is so much more money taken by the Government from the people than what is necessary for the ordinary requirements of the administration. If the Government could estimate exactly the expenditure required for a year and could also form an exact estimate of the revenues which would be required to meet that expenditure, then there would be no surplus—at any rate, no large surplus. It is because it is impossible to estimate accurately how much revenue the Government would require in a year that surpluses accrue. But when they so accrue, the fact is clear that, to the extent represented by them, the Government has taken from the people more than what was required for the actual purposes of the administration. Now, my Lord, there are three ways in which a surplus may be expended. You may devote it either to a reduction of debt; or you may devote it to a reduction of taxation; or it may be devoted to expenditure on useful objects in the country. In most Western countries, when a surplus is realised, it is devoted to a reduction of debt. In this country, the practice, though not identical, ultimately results in the same thing. Our surpluses in the first place find their way into our cash balances and from these they are either devoted to expenditure on railways or irrigation, that is, to productive works—which ultimately reduces our unproductive debt by a corresponding amount—or they are directly used for reducing our debt. But whether they are used in the first or second way, the result is ultimately the same, namely, that of reducing our unproductive debt. This, however, has been one of the principal grievances which non-

official Members have urged in this Council again and again for several years past. I, for one, have been raising my humble voice year after year against this misapplication of our surpluses since I entered this Council, now eleven years ago. Year after year I have been pointing out that while this may be sound finance in the West, it is not sound finance in this country, where the unproductive debt is really a very small amount. Last year I went at some length into the question as to what was the amount of our unproductive debt. I took all the various liabilities of the Government into consideration, as also all the sums due to it and its cash balances; and I showed that the actual unproductive indebtedness of the Government of India—putting aside the vast sums that have been spent on railways and irrigation, as they are earning their interest—was about 30 millions sterling only. Since then the Hon'ble Member paid off 2 millions out of last year's opium surplus. And this year he pays off again another million out of this year's opium surplus. Thus, three millions are knocked off, leaving only about 27 millions as representing our net unproductive indebtedness. It is true that the figures of unproductive debt which are given in Government publications are higher, because they do not take into account certain sums which are on the other side, namely, the loans that have been advanced by Government to Native States, to local bodies or to cultivators, and they also leave out of account our large cash balances. Now, an indebtedness of only 27 millions is a mere trifle for a country like India; in any case, there need not be this great hurry to pay it off. If the Government will provide a regular sinking fund of a reasonable amount to pay off the debt, there will be no occasion for anybody to complain. As a matter of fact, there is already provision for such a sinking fund as I pointed out last year. Under Railways there is a sum of a little over eight hundred thousand pounds, which automatically goes to the redemption of debt. Then again, under Famine Relief and Insurance, a sum of nearly half a million is always allotted to avoidance or reduction of debt. A million and a quarter thus, or to be more correct, a million and one-third, is devoted every year to the reduction of debt. At this rate, if no war or great famine or any other extraordinary occurrence of a like nature drives the State to borrow, our entire unproductive debt will be wiped off in twenty years, and that without devoting any part of our surpluses to such reduction. There is not another country in the world where they could claim to be able to do this. In Western countries they have to provide a large sinking fund for the reduction of debt, because their unproductive debts are so large—a thousand million pounds in France, seven hundred million pounds or something like that in England, and corresponding debts in other countries! Where you have such huge debts, it is necessary to provide for a large regular sinking fund, and in addition to devote surpluses, when they accrue, to the same object. Moreover, the expenditure of Western countries is carried on under the direct control of the representatives of the people. Therefore, Governments in Western countries, being largely dependent on the votes of the people, try to conciliate popular feeling by remitting taxation whenever a suitable opportunity presents itself. Of course I am not speaking of English finance of the last three years; but, speaking generally, the position is as I have stated. Though, therefore, the surplus that accrues in any particular year may go to the reduction of debt, any real improvement in the financial position, as represented by that surplus, is utilized as a rule for reducing taxation in Western countries. In this country, on the other hand, our experience is that, whenever there is a surplus, it is devoted to the reduction of debt and any improvement in the financial position that it may indicate is hidden away, as far as possible, by underestimating the revenue or overestimating the expenditure for the following year. And it is only when the improvement is so striking that it cannot possibly be hidden away that relief is given to the taxpayers. Take the history of our finances during the last 14 years. There were no doubt remissions of taxation granted, but that was because the Government could not help doing it. As long as Government could help it, no reduction was made, and large surpluses were enjoyed and expended in various directions. Now, my Lord, my contention is that in this country a surplus is always a temptation to the

Government either to pay off its debt faster than is necessary, or else to increase expenditure in directions which entirely depend upon its own will and which sometimes do not commend themselves to the people. This question, therefore, of the proper disposal of surpluses is to my mind a very important question, and that is why I raise it whenever an opportunity presents itself. My Lord, there are many useful directions in which our surpluses could be expended, or, if that course does not find favour with the Government, advantage ought to be taken of them to remit taxation so that the money remitted might fructify in the pockets of the people. Of course, if the Government merely borrowed to build Delhi without at the same time utilizing the surpluses either for reducing taxation or for expenditure on useful objects, it would in effect be the same thing as devoting the surpluses to the construction of the new capital. For in that case, while you will be borrowing with one hand to build Delhi, you will, with the other hand, be paying off debt by means of surpluses, realized by keeping the level of taxation higher than necessary. What I want is that while Delhi should be built out of loan funds, — our trifling unproductive debt provides ample margin for that, — the surpluses should be utilized either for non-recurring expenditure on education, sanitation and medical relief, as my next Resolution recommends, or else they should go to the reduction of taxation.

"My Lord, the Hon'ble Member has estimated the surplus for next year at one and a half millions. As a matter of fact, if the Council will carefully analyse the revised estimates of this year, it will see that next year's surplus is likely to be nearer four millions than one and a half millions. I think the Hon'ble Member, as also the Hon'ble Sir James Meeson, will have to admit this. It is true that the Finance Department has made a very skilful attempt to hide away the true surplus partly under one head and partly under another, till only one and a half millions is left to show to the public. But I do not think the attempt has been successful. Take the revised estimates of this year; the surplus shown in the Statement for the year is 2.75 millions sterling. Out of this, 1.75 millions is the special opium surplus. The ordinary surplus, therefore, that is, the excess of ordinary revenue over our ordinary expenditure in this year's revised estimates, is one million. Well, let us put that down first; next, my Lord, during this year the Government have made to Local Governments special grants, amounting to 1.42 millions or nearly 1½ millions. If these grants had not been made, — they are all extraordinary grants, — our surplus would have been higher by 1.42 millions. Then again I find from the Financial Statement that about half a million was spent in connection with the Royal Visit on the Civil side; two hundred and seven thousand pounds on the Military side, and the bonus and other boons came to about six hundred thousand pounds; altogether over one million and three hundred thousand. That is also extraordinary special expenditure belonging to this year only. We thus have one million the declared surplus, 1½ millions in the amount of special grants to Local Governments, and 1.36 millions, or about that, the cost to the Government of India in connection with the Royal Visit — altogether 3.87 millions or nearly 4 millions. This then represents the real excess of our revenue over our expenditure at present, leaving aside the opium surplus and leaving aside also what I have called our automatic sinking fund. But what I find done is that in next year's Budget, under nearly every head, the revenue has been under-estimated and the surplus has been worked down to 1½ millions only. I hope the Council will see this and I hope it will realize that the question before us is not about 1½ millions only but about 4 millions sterling. If the Government realize this sum of 4 millions, — and I am sure it will realize it unless something extraordinary happens, — and if the estimate of the cost of new Delhi is correct, the Government could build the capital out of surpluses in one or two years. If this happens, whether provision for the expenditure is made out of current revenue at the beginning of a year or out of an estimated surplus at the end of the year makes really no difference. Only in the one case you put down the expenditure beforehand against revenue, and in the other you wait till such time as the accounts of the year show

a surplus and then take the money. In either case, however, the money comes out of taxation. My Lord, as the Government has foreshadowed in its despatch of 25th August last the floating of a special Delhi Loan, I contend Delhi should be constructed out of loan funds, whether it costs 4 millions or 5 millions or 10 millions or any other amount. We want our surpluses for other purposes and the smallness of our unproductive debt allows plenty of margin for a Delhi loan. I urge, my Lord, therefore, that the loan for this year should be raised by one crore more—the amount indicated by the Hon'ble Member as likely to be taken out of next year's surplus to be spent on the construction of Delhi—and that the new capital should be constructed entirely out of loan funds."

The Hon'ble Maharajahdiraja Bahadur of Burdwan: "My Lord, if the question had been mooted in Council regarding the advisability of having a new Delhi and if Mr. Gokhale had proposed that there was no need for a new Delhi, I would probably have voted with him. But here we have to consider that as we are going to found a new Imperial Delhi and as therefore we have got to consider the ways and means, I do not see any reason why we should not utilise this surplus in building the new Imperial City. By utilising this surplus, our loan this year would be less by a crore of rupees. Of course Mr. Gokhale's proposition of remitting taxation is one that has my fullest sympathy, but I am afraid that at the present juncture it will not be possible to remit any tax, and, on the other hand, many of us would be very pleased if we could build Delhi out of the ordinary surpluses. For these reasons, my Lord, I do not think that simply because it was mentioned in the despatch that the cost of the new Imperial Delhi should be met out of a special loan, that is any reason why we should not utilise the surplus that we can lay our hands upon at the present moment. For these reasons, I am sorry I cannot support Mr. Gokhale's Resolution."

The Hon'ble Mr. Madge: "My Lord, the grounds on which this Resolution appeals to me, I shall briefly state as follows. The first question to be decided is whether the money required for the new Delhi would be a charge against Revenue or against Capital, and in so far as my inexperienced amateur intellect understands it, large operations of the character to be undertaken at Delhi should be regarded as Capital and charged against loans and not against Revenue. One of the principles underlying this arrangement should, I suppose, be that the burden of expenditure should fall upon the generations that would benefit by the expenditure incurred. It may be said that because the charges incurred in this scheme are in a sense unproductive, you cannot trace any distinct benefit to them. But I do not take that view of it. Whatever benefit is to come—and I suppose the responsible Government recognise some great benefit—that benefit will be shared by a large number of future generations; and I respectfully submit that the life of successive loans, out of which these charges ought to be met, should be so protracted that their proper share of repayments should fall upon future generations and not on the present generation. That is a principle which is recognised in all smaller loans, and I fail to see why it should not be recognised in the large loans that will be needed for the purpose of building Delhi. I will not take the same ground that the Hon'ble Mover has taken on one point. The argument that there should be no difficulty in raising a loan, because the indebtedness of India is 'such a little one', is unsound. I believe our debt is comparatively small because the Government of India has been wisely careful in a poor country like India in not contracting any but absolutely necessary loans; and the examples that we have in the West at the present time of the manner in which Consols are being depreciated because of extravagant expenditure incurred is sufficient warning to us in this respect; but I do believe that the whole charge of building Delhi ought to be considered as Capital expenditure and raised by loans. I entirely agree with what the Hon'ble Mover has said as to the uses which should be made of surpluses. One of the first of these uses is to reduce taxation. There are also many pressing needs of this country, wants of the present generation, which

ought in my humble opinion to be met from the taxes contributed by this generation. On these grounds I support the Resolution."

The Hon'ble Sir James Meston : " My Lord, the Hon'ble Mr. Gokhale has done me the honour of referring to me as an expert on the subject of surpluses. I was not quite prepared for an attack on our surplus, knowing as I do with what care our estimates have been framed. But as the Hon'ble Member has raised the point and has put definite figures before us, I accept his offer to discuss them. To put it frankly, he thinks that we have been manipulating the surplus; that instead of a million and a half, we really have got 4 millions at our disposal; and he arrives at this conclusion by calculating in the following manner. We have a declared surplus in the current year of 1 million apart from opium. We have given grants of $1\frac{1}{2}$ millions to Local Governments in the current year; and we have spent $1\frac{1}{2}$ millions on the Royal Visit and on grants, subsidies, presents, boons, etc., in connection with it. Thus he works it out to close on four millions as being the real surplus revenue we had in the current year; and he suggests that, if things go well, we shall be in a position to lay before Council next year another four millions or so surplus. Now there are certain qualifying facts and figures in his calculations. First of all, there is a small matter, a matter running to about a third of a million; in his grants to Local Governments he has included the *pro forma* assignments made through land-revenue head to Local Governments to pay for boons and other expenditure which was in the first instance charged to Provincial revenues in connection with the Royal Visit. He has again taken this in his calculation of the $1\frac{1}{2}$ millions expended on the Royal Visit, so that we have to eliminate something close on one-third of a million on that account from his calculation. That would bring our surplus to somewhere near $3\frac{1}{2}$ millions. And he says that the whole of this might very well be allotted to the capital expenditure on new Delhi. I would point out first of all that we have been cautious, we have been conservative even, in estimating the revenue from railways and from customs in the next year. We have had an almost phenomenal year in 1911-12, and we think that it would be unwise to estimate for another phenomenal year. We had a bad scare in August last year and we may have a bad scare again next year, which may develop into a really bad crisis. Consequently we had to strike off $\frac{2}{3}$ million on that account from the current year's revenue in estimating the revenue from railways and customs for the year to come. That would, I think, reduce his calculation to say $2\frac{2}{3}$ millions. Now, if he would give the whole of that $2\frac{2}{3}$ millions to Delhi, I can only take that argument as implying that he disapproves of the special grant to the great service of education which is going to occupy $1\frac{1}{2}$ crores out of our ordinary surplus this year—50 lakhs which was announced at the Royal Visit, and the 75 lakhs which have been added to it since. If he accepts that position, then I am in entire agreement with him that we could have budgeted for a larger surplus. Otherwise I think that our $\text{£}1\frac{1}{2}$ millions is a fair and reasonable figure."

The Hon'ble Pandit Madan Mohan Malaviya : " My Lord, I beg to support the motion. The building up of Delhi is an important thing, and it ought to be associated with the most happy associations. The foundations of it were laid by His Imperial Majesty, and except for the inevitable unhappiness which has been caused to Calcutta, the country as a whole has joined with the Government in expressing its satisfaction at it. In this view, my Lord, the diverting of the annual surpluses from their legitimate use ought not to be associated with the building of Delhi, if it can be avoided. Build up Delhi, no doubt, and build it up as well as it should be built up; but let the surpluses, contributions of the people, go at the same time to build up the strength of the people. If the surpluses are diverted towards the cost of constructing Delhi, whatever may be said at the present moment, there will necessarily not be the same measure of funds available for promoting many of the objects in which the vital interests of the people are involved. It is not a question of one year

nor of a small sum. I fear that we shall for several years be confronted, on every occasion when we urge that money should be set apart to promote popular requirements, with the necessity of finding the large amount which will have to be found for building up Imperial Delhi. I submit, my Lord, that the people generally will feel more satisfaction and a new source of public complaint will be avoided if provision is made by raising a special loan for meeting the expenditure on Delhi, and no interference is made with the means, which may, in the natural course of things, be available to the Government of India for distribution among the many objects which affect the people.

"For these reasons I strongly support the Resolution."

The Hon'ble Babu Bhupendranath Basu : "I rise to support the Resolution moved by my Hon'ble Mr. Gokhale. I offer no observations as to the necessity or otherwise of removing the capital to Delhi; but taking that fact as granted, it has been asserted in several quarters that the cost of building an Imperial City at Delhi will be at least 10 crores, and not 6 crores, as was estimated in the despatches that were placed before the public. The question then arises, how is this fund to be met? The despatch itself pointed out the way in which the expenditure might be provided; but apart from the despatch, applying ordinary principles of taxation in matters of capital expenditure, I do think that it is a proposition which cannot be controverted that expenditure in the shape of capital which will benefit many generations must be borne by several generations and spread over a considerable period of time. That is an ordinary axiom in the incurring of expenditure of this class. We do not see why that principle should be deviated from on this occasion. Money is urgently needed in various directions, and if even the remission of taxation is not possible, it is quite possible to spend the money which my Hon'ble Friend the Finance Member is devoting to Delhi for purposes which would be more useful and beneficial. At the same time I do not think any one in the country would complain if the expenditure for building Delhi were met by a loan. For these reasons I do hope that the proposal of my friend the Hon'ble Mr. Gokhale will find acceptance with Government; for, as was pointed out by the Hon'ble Pandit Madan Mohan Malaviya, if it were the fact that this one crore of rupees was all that was wanted, probably we could reconcile ourselves to our surplus going towards that object, namely, the building of a city; but we all know, whether it is 6 crores or 10 crores, we have to provide a much larger expenditure, and that expenditure ought to be so arranged, that the burden may be distributed over a considerably longer period of time."

The Hon'ble Sir Cecil Graham : "My Lord, in supporting this Resolution I should like to say a few words. There seems to me to be no doubt that the money to build Delhi must in any case eventually come from the taxpayers' pocket, whether it is provided for next year and the next few succeeding years, or whether it is spread over a long series of years. Seeing that that is so, I think that if that money is provided entirely through a loan, the cost of the building of Delhi will be kept very much more before the Government of India, this Council, and the public generally."

The Hon'ble Mr. Mudholkar : "My Lord, I wish to say a few words on this Resolution. In regard to the important work—the building of the Imperial City—I think the Government may follow the policy which they impress upon local bodies and municipalities in regard to large works. Such works are generally not constructed out of the current revenue, because the expenditure is one which is intended to benefit future generations, and it would be hard to impose upon one generation the entire cost of a great work. On that principle—the principle of justice—it is considered proper that the cost should be extended over a number of years. Another thing which I would advance in support of this Resolution is that our present taxes were raised with a view not to meeting extraordinary expenditure of the kind which is to be incurred for the new Imperial City, and which I for one say ought to be

incurred very gladly, but these taxes were raised for other purposes, and all these purposes exist as strong as ever, and the surplus which may come to the Government of India, whether it is 4 millions or 3½ millions or 2 millions or one million, whatever it may be, that surplus ought to be devoted to those purposes for which they would ordinarily have been available had not this new necessity arisen, and should not be diverted to the new extraordinary purpose, the necessity of which is beyond question, but which ought to be met from extraordinary sources."

The Hon'ble Sir Guy Fleetwood Wilson: "Mr. Gokhale has supported his Resolution in that eloquent and scholarly manner which always makes it a treat to listen to him; but I confess that I think he has hardly been as convincing as he so often is.

"In the speech with which I introduced the Financial Statement last Friday, it was impossible for me, within the time at my disposal, to enter in detail into our arrangements for financing the new Capital at Delhi. There were many other questions of great importance and wide public interest to be dealt with; and all that I attempted to do with this particular question was to explain the general attitude of the Government of India and to touch upon the main considerations by which we are actuated. There are obviously a number of possible methods of finding the money necessary for building Delhi. If I had discussed the *pros* and *cons* of each method, I should have occupied an altogether disproportionate share of a statement which had to embrace a review of our whole financial position. I have seen it suggested that other and presumably more sinister motives lay behind my declared anxiety to spare the Council a mass of technical detail on Friday last. I know the Council too well to think that my hon'ble friends believe anything of the kind of me. The financing of the new Delhi is a subject of much interest and importance to us all, and this Council has a right to the fullest information regarding it. That information I shall always be ready and willing to supply. On Friday I could only give it in epitome and await a more suitable occasion for entering into detail. That occasion has now been provided by the Hon'ble Mr. Gokhale's motion.

"Let me begin by reminding the Council what is exactly meant by the expenditure on the new Delhi. The project is a public work of quite exceptional magnitude, spread over a number of years and costing several millions sterling. The new Capital will not be a remunerative work. It will be a work similar in character to the residences of our high officials, to the spacious buildings which house our busy Secretariats, to our Courts of Law, and to the other public offices which are necessary for the purposes of the orderly government of a great country, but which do not yield any direct return. Nor will it be, in the technical sense, a productive public work in the same manner as we talk of our productive canals or our productive railways; that is to say, the direct revenue from it will not be sufficient to pay for the cost of maintenance in addition to a substantial rate of interest on the outlay originally expended upon it. I am not now talking of the city which we hope in time will grow around the new Capital, or of the amenities to which a city with such an origin will have a reasonable claim. For these matters we may assume that provision will be made in some form of municipal government with its own methods of control and its own powers of local taxation. I am speaking for the present entirely of the public buildings which the new Capital will require, and of the fitting environment which will have to be created for them. For those purposes the expenditure will be neither remunerative in the ordinary commercial sense nor productive in the technical sense which we apply to other large public works in this country.

"Now for work of this class the provision of funds, as I stated briefly when I introduced the Financial Statement, can only take one of three forms. We may finance the work entirely from current revenues; we may finance it entirely by borrowing; or we may finance it partly from current revenues and partly from borrowed money. As I have said, the Government of India have decided on the third of these courses. The Hon'ble Mr. Gokhale now

invites us to alter that decision and adopt the second course. Other authorities on finance will no doubt press upon us the first course. It is therefore necessary for me to discuss each of them *seriatim* and to explain more fully than was possible last week the reasons why we have come to our decision, and why we are unable to accept the Resolution which has been submitted to Council today.

"The first alternative with which I shall deal is the provision of funds for Delhi from our current revenues. This, it will be readily seen, would be the ordinary course for adoption in the case of large public works of an unproductive character. In the same way as we build important public offices from current revenues, in the same way as we propose to build the new Provincial headquarters at Patna from current revenue, so should we ordinarily do with Delhi. We have abundant precedents for this course, both in India and elsewhere. It is true that none of the recent precedents which come to my mind are on the same scale of Imperial importance as the new Capital of the Indian Empire will be. But large projects have been financed in this manner; and in some countries, notably some of our British colonies, funds have been raised by special loans on the security of bonds which are redeemed in some short period—say 5 or 10 years—from the inception of the work. This particular plan, which I may mention was considered by us and rejected, is designed to spread the cost of a project uniformly over the revenue budgets of the years during which the project is in hand, and thus preventing the fluctuation of the actual expenditure from upsetting the budget dispositions of any particular year or years. But if we had decided on charging the Delhi expenditure direct to current revenues, either by paying for it as the work progressed or by equalising the annual expenditure in the manner I have mentioned, there was one great and obvious danger before us. That danger, I need hardly tell the Council, was the influence of such a substantial increase in our revenue charges on the budget of a bad year. At the present moment, I am happy in the feeling that everything points to a steady progress, and that our finances are sound and stable. But five years ago, in March 1907, my predecessor might have confessed to the same feeling without being accused of either optimism or imprudence, although, as we now know, he was on the eve of a serious famine and a grave financial crisis. However bright the sky may be just now, it may be overcast by very heavy clouds indeed before this Council meets in its permanent Chamber in the new Delhi; and if we are prudent men, we must act accordingly. What I felt therefore, and what I am sure all my colleagues felt, was that the risk of debiting the Delhi expenditure to current revenue was too great. We might have a sudden collapse in our opium revenue; simultaneously we might have scarcity, or we might find ourselves in the troubled waters of an international financial crisis. At such a time the additional burden of the Delhi charges, with whatever economy we might conceive them, might turn the scale between a surplus and a deficit. They might indeed do so for more than one financial year. They might thus prejudice our credit, and it is not inconceivable that we might, in the last resort, be driven to fresh taxation. I need hardly say that we should regard such a result as unfortunate and highly undesirable. We cannot ensure against it, and we therefore determined to turn to one of the other alternative methods for finding the money which Delhi will require.

"The second of those methods would have been to borrow money for this special purpose and to keep a balanced account between the proceeds of our special loan on the one hand and our actual expenditure upon Delhi on the other. We could have raised a large Delhi loan, in the same way as His Majesty's Government raised their loan for the Transvaal or their Irish land loan; and there are very many excellent arguments for adopting such a course. I will take the Council into our full confidence and explain why, after the most careful consideration, we finally decided against this line of action. In the first place, we considered that it would be uneconomical to raise in one transaction the whole of the money required for operations which must necessarily be protracted. A considerable part of the money would remain unemployed for several years unless we arranged for re-investing it, a course

which I think every one will consider as undesirable and probably, as I have said, uneconomical. In the second place, we were unwilling to disturb the steady development of our productive works by the flotation of a large unproductive loan in any one year. If we had raised it in gold in London, we could hardly have hoped that there would not be some appreciable reaction on the market for our ordinary railway loans—a market which does not even in normal circumstances yield as much as those who are interested in the rapid extension of our railway systems would desire. If on the other hand we had raised the loan in rupees in India, the effect upon our limited loan market in this country would unquestionably have been serious. Moreover, we were advised, on authority which I am sure my commercial friends would accept as good authority, that the flotation of a special loan for Delhi in India would not be altogether popular. There would be difficulties about transferring holdings from it into one of our ordinary loans, (or, *vice versa*); and any attempt at a new form of security, such as bonds redeemable by annual drawings, treasury bills, or the like, would be innovations in the Indian market and might not meet with success. In brief, and ignoring these and other technical considerations with which I will not weary the Council, we saw danger ahead if we attempted a special Delhi loan, whether in sterling or in silver. We feared that it might prejudice the regular and adequate provision of funds for the development of our railways and the advancement of our great irrigation works; and we accordingly determined, after the most anxious consideration and after taking the best advice available, to borrow for Delhi, in so far as borrowing may be found necessary, by additions to our ordinary yearly rupee loans in India.

"I have said that we decided on this method of borrowing in so far as borrowing might appear necessary. My Hon'ble friend who has moved the Resolution now before Council disapproves of this reservation. He would charge the whole of the Delhi expenditure to our borrowed money. I entirely appreciate his objects and I respect his consistency. He considers that the whole of our surplus revenues should be employed on the important services which he champions in this Council. He considers that we are far too nervous about our unproductive borrowings. He considers that Delhi should be built entirely from loans, and that the burden should thus be passed on from the present to the succeeding generations in equal proportion. This line of argument is in complete fitting with the theory of Imperial finance which Mr. Gokhale has pressed on this Council time and again. I can bring no new arguments to meet it because our theory also is consistent and we believe it to be right. But, put very briefly, our objection to borrowing, either specifically or indirectly, the whole of the expenditure which the project will involve is that such a course would mean a necessary addition to our unproductive debt. (I may mention parenthetically that our statement of unproductive debt differs from that of Hon'ble Mr. Gokhale's: on the 31st of March last it was raised to 45½ millions and not as the Hon'ble Member stated only 27 millions.) Some part of the expenditure on this great Imperial project will unquestionably have to be met by borrowing, and the payment of interest on that borrowing will become a burden on the future. But why should we allow that burden to be greater than it really need be if we are in a position to discharge some part of it now? The future will have difficulties enough of its own; fresh claims on our exchequer are rising every day; fresh demands for social and material reform will continue to absorb the best energies of my successors. It is our clear duty to add as little as possible to those burdens and anxieties. If we are proud of Imperial Delhi and if we wish to leave it as a worthy gift to coming generations, why should we saddle the gift with a mortgage on the full value of the property when we are able to do something better?

"Let me now recapitulate for a moment. We object to financing Delhi wholly from revenue, because we should thereby burden the finances of several years to come with an indeterminate liability, a liability which may at any time, and without any warning, curtail our programme of education and other good causes, convert a surplus into a deficit, aggravate a crisis, and even force the Government of the day into imposing additional taxation. We object to

financing Delhi wholly from loans; first, because we should be putting a greater strain than is necessary upon the market for our productive loan, and secondly because we should thereby swell our unproductive debt and our permanent interest charges to an extent greater than is necessary, while we should be evading that share of responsibility for the Delhi expenditure which, I think, this generation ought in fairness to accept. Holding these views, we come by elimination to the last of the three possible courses with which I began, namely, the financing of Delhi partly from borrowed funds and partly from surplus revenue. For this course we have an excellent precedent at hand. In our annual programme for railway and irrigation works, we estimate year by year the sums which we shall spend on those two branches of the administration; we make a definite plan for meeting so much of the expenditure as we reasonably can from loans, and the remainder of the programme we finance from our cash balances, into which we throw the whole of our ascertained excess revenue. In the case of Delhi we propose to follow precisely the same procedure. We shall borrow what we can and when we can; regulating our loans so as not to set the market against us; taking money when the market is easy and when funds seeking investment are abundant; and keeping in our cash balances for future use whatever we may not be able to spend at the time. But we shall also utilise in the same way whatever surplus revenue we can secure from windfalls or by economies, whenever there is no paramount claim upon us for the employment of the money in other directions or for the reduction of taxation. In this way, we obtain a maximum of elasticity; and I trust that we shall secure also the minimum of pressure upon the Indian taxpayer. I believe that the scheme which I have thus outlined will command the general approval not only of this Council but of those outside this Council who are interested in the stability of our Indian finances.

"Against the scheme which I have now indicated, two criticisms have been brought to which I must allude before I sit down. One relates to the methods of our policy, the other to its results. The former of these is the criticism that, by retaining surplus revenue for capital expenditure, we are keeping money which it would be better to restore to the people, to fructify in their pockets. If I wanted to make a mere debating point, I should have no difficulty in setting one set of my critics against another. For I am told on the one hand that our surplus revenue should be employed in lowering the scale of taxation. On the other hand I am assured that what this country most urgently wants is more education, etc., and that for the present the remission of taxation is not a primary need and may well be postponed. I have no desire however to avoid the issue which this criticism raises and which I need hardly say has already had my most anxious attention. There have been in recent years large and frequent remissions of taxation; and I am not aware that there is any particular tax which now lies as an intolerable load upon the people of this country. On the other hand we have been laying aside, and continue to lay aside, large funds for the development of educational and similar social needs; and I am inclined to think that we are providing funds for these purposes at least as quickly as they can be profitably spent. In these circumstances I can see no hardship in refraining for the time being from further reductions of taxation.

"The second criticism is the suggestion that, by treating the Delhi works as capital expenditure, we shall in some way obscure the actual outlay. I confess that I fail to understand this objection, which seems to be based on a curiously unintelligent conception of what we propose to do. There is no possible justification for imagining that our capital expenditure is less carefully estimated, or less accurately brought to account, than our revenue expenditure. The estimates of our railway and irrigation capital are framed with the greatest care in our annual programme. Our actual expenditure on railways and irrigation is tabulated in our Finance and Revenue accounts with the utmost detail. There is no possible reason why our Delhi estimates and our Delhi expenditure should not be treated in exactly the same fashion. Indeed it is our intention to include an annual forecast of our requirements

for Delhi in the regular capital programme, and bring the expenditure to account under a separate head which the Council will find that we have opened for the purpose in our Financial Statement. In this way the estimates will be as carefully scrutinised as those of any other projects which the Government control, and the accounts will receive the same publicity, and will be recorded with the same precision, as all other capital expenditure. The method of finance which we have accepted and adopted will in no way wrap up the Delhi operations in technical obscurity; on the contrary, it will simplify and systematise their financial results."

The Hon'ble Mr. Gokhale : " My Lord, I will first say a few words as to what has fallen from my Hon'ble friend Sir James Meston. I accept his correction as regards £½ million, and I am quite willing to say that the present excess of our revenue over our expenditure is about 3½ millions instead of 3¼ millions. As regards the other point, namely, that I have left out of account the proposed expenditure on education next year, namely, 1½ crores, I may remind my Hon'ble Friend that I have also left out our normal growth of revenue during next year. Sir Edward Baker, when he was Finance Minister, once estimated this normal growth of our revenues at about 1½ crores. I have not taken that into consideration, and that is a set-off against the increase in educational expenditure which has been provided. Assuming, however, that the £½ million extra, which is going to be spent on education, should be deducted, there still remains a surplus of 2½ millions. My Hon'ble friend could not take it down further, and he has not told us why the Finance Department has budgeted for a surplus of only a million and a half." But whether the actual amount is 3½ millions or 3 millions or 2½ millions, it is a substantial surplus, and my contention is that there is nothing to prevent the Government from building Delhi out of current revenues by devoting the whole of the surplus to it for two or three years.

" My Lord, the Hon'ble the Finance Minister drew a somewhat frightening picture as to what might happen to us in the course of a year. The sky, he warned us, might suddenly become overcast, and instead of the very comfortable situation in which the Finance Department finds itself at present, it might be necessary to impose extra taxation! In replying to my friend the Hon'ble Pandit Madan Mohan Malaviya a few minutes ago, the Hon'ble Member spoke of his proposal as calculated to lead to bankruptcy! Now I am quite sure the force of reasoning of the Hon'ble Member would not suffer any abatement if he did not try to frighten us thus with talk of bankruptcy or of extra taxation. I am quite sure there is no need just now for either. With a surplus which may reach five millions, with that amount jingling in his pocket, I really do not understand how he can talk of bankruptcy or of extra taxation! When we do actually get into troubled waters, it will be time enough for him to speak of bankruptcy or other dreadful possibilities! The Hon'ble Member said that in other countries they have resorted to short term loans for such purposes. Well, I should be very glad if that plan were adopted by the Government of India. A short term loan, spreading the burden of building the new Capital over a period of, say, ten or fifteen years, would not be a bad arrangement. What I object to strongly is the utilization of our surpluses in this indefinite manner for the building of Delhi. The Hon'ble Member says, why should we throw any burden on future generations! But what does he mean by a generation? Does he mean that only two or three or four years form a generation? At the present rate, if things continue normal, you could build Delhi in the course of two or three years out of surpluses if the estimate of the cost is not far wrong. Does he call two or three years a generation? If he raises a short term loan of ten or fifteen years, I should have no complaint to make.

" Then, my Lord, the Hon'ble Member says that the opium-revenue might be extinguished any moment or that we might suddenly get into other complications. But that itself is, to my mind, a very important reason why this money which is available just now should not be devoted to such purposes as building a new city when it is urgently wanted for other objects. Money for non-recurring expenditure is required in various directions, as I will show when I move my next Resolution,—for education, for sanitation and for medical relief.

When you have a surplus, that surely is the time when you can help Local Governments in meeting this expenditure. But my Hon'ble friend, when he has the opportunity, wants to take away the surplus for building a new Imperial city, and so we cannot get it now. Later, if and when we get into more troublous times, he will, of course, have nothing to give to Local Governments for these objects. I recognize that provision has been made in this year's budget for an additional 125 lakhs for education. That of course is true and I will speak about it on a future occasion. But leaving that out of account and merely confining ourselves to the manner in which our surpluses are utilised, I contend that the first and foremost claim on them in our present state is that of non-recurring expenditure in connection with education, sanitation and medical relief. The Hon'ble Member said that his figure for unproductive debt differed from mine, and he mentioned 45 millions as the figure of our unproductive debt at present. Through the courtesy of the Hon'ble Sir James Meston I have got that figure here. A glance at it is sufficient to show that it does not represent the net unproductive indebtedness of the country to-day. Take the amount borrowed in 1908-09. There was in that year a deficit of about 3½ millions, but the Government floated a loan of 6 millions—3½ millions to meet the deficit, and 2½ millions for other purposes. Again, later on, they borrowed 5 millions to pay off certain debentures, and then, instead of paying off the debentures, the loan went to swell the cash balances at the disposal of the Secretary of State. Surely that does not mean any true addition to our net indebtedness. If we take our net indebtedness, by which I mean—all that the Government owes, *minus* all that is owed to the Government and the cash balances, which the Government maintain whether in England or in India,—the figure will be found to be 27 millions only, and no more. Well, that is a small amount, and if you add to this four or five millions for building Delhi, our unproductive debt will still be trifling.

"My Lord, to the other questions raised by the Hon'ble Member, I think it will be more convenient for me to reply when I deal with the next Resolution. This matter is an important one, and I think it necessary to press my motion."

The Council divided :

Ayes—16.

The Hon'ble Pandit Madan Mohan Malaviya, the Hon'ble Raja of Dighapatia, the Hon'ble Babu Bhupendranath Basu, the Hon'ble Mr. Sachchidananda Sinha, the Hon'ble Mr. Haque, the Hon'ble Nawab Saiyid Muhammad, the Hon'ble Mr. Subba Rao, the Hon'ble Raja of Kurupam, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Fyfe, the Hon'ble Mr. Mudholkar, the Hon'ble Mr. Madge, the Hon'ble Sir C. W. N. Graham, the Hon'ble Sir Gangadhar Rao Chitnavis, the Hon'ble Mr. Jinnah, and the Hon'ble Mr. Bhurgri.

Noes—39.

His Honour the Lieutenant-Governor of Bengal, His Excellency the Commander-in-Chief, the Hon'ble Sir Robert Carlyle, the Hon'ble Sir Harcourt Butler, the Hon'ble Syed Ali Imam, the Hon'ble Mr. Clark, the Hon'ble Sir Reginald Craddock, the Hon'ble Major General Sir M. H. S. Grover, the Hon'ble Mr. MacLagan, the Hon'ble Mr. Porter, the Hon'ble Mr. Sharp, the Hon'ble Mr. Enthoven, the Hon'ble Mr. Wheeler, the Hon'ble Mr. Brunyate, the Hon'ble Sir A. H. McMahon, the Hon'ble Nawab Abdul Majid, the Hon'ble Raja of Partabgarh, the Hon'ble Maulvi Shams-ul-Huda, the Hon'ble Mr. Lyon, the Hon'ble Maharajadhiraja Bahadur of Burdwan, the Hon'ble Mr. Saunders, the Hon'ble Sir James Meston, the Hon'ble Surgeon General Sir C. P. Lukis, the Hon'ble Mr. Fremantle, the Hon'ble Mr. Vincent, the Hon'ble Mr. Carr, the Hon'ble Mr. Arthur, the Hon'ble Mr. Phillips, the Hon'ble Mr. Dadabhoy, the Hon'ble Mr. Meredith, the Hon'ble Mr. Shafi, the Hon'ble Khan Zulfikar

Ali Khan, the Hon'ble Malik Umar Hyat Khan, the Hon'ble Maung Mye, the Hon'ble Mr. Gates, the Hon'ble Sir Charles Stewart-Wilson, the Hon'ble Mr. Dempster, the Hon'ble Sir T. R. Wynne, and the Hon'ble Mr. Kenrick.

So the Resolution was rejected.

[The Hon'ble Sir Harcourt Butler took the Chair.]

PROVINCIAL GRANTS.

The Hon'ble Mr. Gokhale: "Sir, I beg to move that this Council recommends to the Governor General in Council that the total amount of the grants proposed to be made to the several Provincial Governments and Administrations during 1912-13 be increased by one million sterling—which means two-thirds of next year's estimated surplus—to form the nucleus of special Provincial reserves, from which those Governments and Administrations could finance programmes of non-recurring expenditure in their Provinces on education, sanitation and medical relief, spread over a period of at least five years, and that in future two-thirds of the Imperial surplus, whenever it accrues, be added to these reserves.

"Sir, before I deal with this Resolution, I think it necessary to renew my complaint of last year as regards the rule which regulates the discussion of additional grants to Local Governments in this Council. I pointed out last year—and I must repeat again today what I then said—that under the rule as it stands only the additional grants that are made in the budget for the year following can come up directly for discussion before this Council. The rule speaks of 'any additional grants mentioned in the Financial Statement,' and 'Financial Statement' is defined 'as the preliminary financial estimates of the Governor General in Council for the financial year *next following*.' Therefore, strictly speaking, we can raise a debate here today only as regards additional grants that are in the budget estimates for next year, that is, for 1913-14. The rule, therefore, Sir, causes considerable inconvenience, because the more important grants are generally found in the revised estimates of a closing year, and if a Finance Minister chooses to put it out of our power—I do not say that the present Finance Minister intends to do anything of the kind—to discuss the grants that are made in the year, all that he has got to do is to under-estimate the revenue in the budget, mention no grants, and, once the Financial Statement is out of the hands of this Council, to begin making grants, mentioning them only at the end of the year in the revised estimates! If this is done and if there are no additional grants in the budget for the year following, no question can be raised about the grants made during the year. Fortunately, this year we have got additional grants for education in next year's budget, and therefore we are able today to bring up the whole question of grants for discussion. I point this out because, unless this is remedied, an important object which the Government had in view in expanding the functions of this Council will be frustrated. A small change is all that is necessary. 'Financial Statement' should include not only preliminary estimates for the year following but also the revised estimates for the current year. Sir, this morning I pointed out that, if things continued normal, our real surplus next year will be nearer four millions than $1\frac{1}{2}$ millions which is estimated in the Financial Statement. It will certainly be over three millions, and probably it will be nearer four. Now, the question is, how is this surplus going to be disposed of? It is an old standing controversy between the Finance Department of Government on the one side and certain non-official Members of this Council on the other,—a controversy which has been carried on year after year for several years past, and I fear that it will have to be carried on till the Government comes round to the view which has been so often urged upon its attention. I pointed out this morning, Sir, that a surplus after all is so much more revenue taken from the people than what is really required for the needs of administration. A surplus, moreover, springs from the proceeds of taxation, and therein lies the difference between it and, a loan,

A loan is raised by borrowing; a surplus results from taxation. Now, Sir, had our unproductive debt been large, I could have understood the present policy of devoting surpluses to the reduction of debt. Even taking the figure which the Hon'ble the Finance Member gave this morning, namely, 45 millions, everybody will admit that it is a very small amount, considering the extent of the country and its financial resources. Moreover, if you provide a reasonable sinking fund for liquidating this debt, the responsibilities of the present generation in that matter are discharged. I have pointed out already that there is a million and a quarter or rather a million and one-third annually devoted to the reduction of debt as a sort of sinking fund. And, even if our debt is 45 millions, a million and a quarter or a million and a half, devoted every year to its reduction, is a very satisfactory sinking fund, and there is no necessity for any portion of our surpluses being utilized for the same object. My first point therefore is that, taking the smallness of our unproductive debt into consideration, there is no need to liquidate it out of our ordinary surpluses—the provision that already exists for redemption of capital under railways and for reduction or avoidance of debt under famine insurance being amply sufficient for the purpose.

“Sir, my second point is that money is required for non-recurring expenditure in many directions in this country, specially for education, sanitation and medical relief. Schools have to be built and good water-supply in villages and drainage and water works in towns are needed all over the country, and we also want dispensaries and hospitals. These works will require not ten but hundreds of crores of rupees, and the problem could not be satisfactorily dealt with unless the Government made a large regular allotment for this purpose. The Government, however, is reluctant to make a large regular allotment out of current revenues. Therefore, I propose another method which, though not equally satisfactory, will be found to answer the requirements to some extent. I pointed out this morning that the excess of our normal revenue over expenditure, taking things as they stand at present, is about 4 millions or 6 crores of rupees. Now what I urge is that two-thirds of this surplus, as also of future surpluses, should be placed at the disposal of Provincial Governments for non-recurring expenditure on the objects I have mentioned. The present policy of making grants for one year only out of the surplus that accrues during that year is a wasteful policy. No one has condemned the policy of doles in stronger terms than the Hon'ble the Finance Member or the Hon'ble Sir James Meston. The Decentralization Commission also has expressed itself very strongly on the subject,—in fact every one seems to be agreed on that point. And the present policy is nothing but a policy of doles. Whenever you have a large surplus, you feel bound to distribute a part of it among the Local Governments, so much to one, so much to another and so on. The result is that there is a great deal of waste. The Local Governments cannot rely upon a continuance of their good fortune, and, therefore, they cannot take in hand any large scheme which requires financing over a series of years. This leads often to ineffective and wasteful expenditure, which no one really deplures more than the Local Governments themselves. The Government of India, on the other hand, can think only of a single surplus at a time, and therefore it is not surprising that it does not bind itself to make any further grant until another surplus is realised. Thus this policy of doles, into which the Finance Department is again drifting—and I say this in spite of my great admiration for the manner in which the Hon'ble Member has been administering our finances during recent years—is a wasteful policy and it must therefore be altered.

“Now, Sir, the only way in which you can alter this policy is by adopting a scheme somewhat similar to what I have ventured to place before you. My proposal is that whenever you realise a surplus, you put aside, if you insist on it, a certain reasonable proportion of it to go to the liquidation of debt. I, for one, do not want really any portion of the surpluses to go to the liquidation of debt. But the Finance Department thinks otherwise; therefore let a certain proportion—not more than one-third—go to the liquidation

The Council divided :

Ayes—13.

The Hon'ble Pandit Madan Mohan Malaviya, the Hon'ble Nawab Abdul Majid, the Hon'ble Raja of Dighapatia, the Hon'ble Babu Bhupendranath Basu, the Hon'ble Mr. Sachchidananda Sinha, the Hon'ble Mr. Haque, the Hon'ble Nawab Saiyad Muhammad, the Hon'ble Mr. Subha Rao, the Hon'ble Raja of Kurupam, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Mudholkar, the Hon'ble Mr. Jinnah, and the Hon'ble Mr. Bhurgri.

Noes—40.

His Honour the Lieutenant-Governor of Bengal, the Hon'ble Sir Robert Carlyle, the Hon'ble Mr. Syed Ali Iman, the Hon'ble Mr. Clark, the Hon'ble Sir Reginald Craddock, the Hon'ble Sir G. Fleetwood Wilson, the Hon'ble Major General Sir M. H. S. Grover, the Hon'ble Mr. MacLagan, the Hon'ble Mr. Porter, the Hon'ble Mr. Sharp, the Hon'ble Mr. Enthoven, the Hon'ble Mr. Wheeler, the Hon'ble Mr. Brunyate, the Hon'ble Sir A. H. McMahon, the Hon'ble Mr. Lyon, the Hon'ble Maharajadhiraja Bahadur of Burdwan, the Hon'ble Mr. Saunders, the Hon'ble Sir James Meston, the Hon'ble Mr. Gordon, the Hon'ble Surgeon General Sir C. P. Lukis, the Hon'ble Mr. Fremantle, the Hon'ble Mr. Vincent, the Hon'ble Mr. Carr, the Hon'ble Mr. Arthur, the Hon'ble Mr. Pyffe, the Hon'ble Mr. Madge, the Hon'ble Sir Rao Chitnavis, the Hon'ble Mr. Phillips, the Hon'ble Mr. Dadabhoy, the Hon'ble Mr. Meredith, the Hon'ble Mr. Shafi, the Hon'ble Khan Zulfikar Ali Khan, the Hon'ble Malik Umar Hyat Khan, the Hon'ble Maung Mye, the Hon'ble Mr. Gates, the Hon'ble Sir Charles Stewart-Wilson, the Hon'ble Mr. Dempster, the Hon'ble Sir T. R. Wynne, the Hon'ble Mr. Kenrick, and the Hon'ble Mr. Kesteven.

So the Resolution was rejected.

The Council adjourned to Friday, the 8th March 1912.

W. H. VINCENT,

*Secretary to the Government of India,
Legislative Department.*

CALCUTTA ;
The 14th March 1912.

APPENDIX NO. 1.

Statement showing the total number of Statutory Civilians appointed in each Province.

Madras	9
Bombay	11
Bengal	17
United Provinces	16
Punjab	8
Burma	1
Central Provinces	2
•	64

APPENDIX NO. 2.

Statement showing the number of places recruited annually for the Executive Branch of the Provincial Civil Service in Madras by promotion and by selection during the years 1905-11.

1905.			1906.			1907.			1908.			1909.			1910.			1911.		
By promotion.	By selection.	Total.	By promotion.	By selection.	Total.	By promotion.	By selection.	Total.	By promotion.	By selection.	Total.	By promotion.	By selection.	Total.	By promotion.	By selection.	Total.	By promotion.	By selection.	Total.
2	..	2	2	..	2	6	..	6	6	..	6	4	..	4	14	..	14	54	10	64

Grand Total { By promotion 88 } Total 99
 { By selection 10 }
 • Honorary Deputy Collector.

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO
1909 (24 & 25 VICT., c. 57, 55 & 56 VICT., c. 14, AND 9 EDW. VII c. 4).

The Council met at Government House, Calcutta, on Friday, the 8th
March 1912.

PRESENT :

The Hon'ble SIR GUY FLEETWOOD WILSON, G.C.I.E., K.C.B., K.C.M.G., Vice-
President, *presiding*

and 51 Members, of whom 44 were Additional Members.

DISCUSSION OF THE FINANCIAL STATEMENT.

SECOND STAGE.

The Hon'ble Sir James Meston: "Sir, on behalf of the Hon'ble the Finance Member, I beg to open the second stage of the discussion on the Financial Statement, and to introduce the heads which are described in the agenda, *viz.*:-

REVENUE.

- II.—Opium.
- XII.—Interest.
- XV.—Mint.
- XXII.—Receipts in aid of superannuation.
- XXIV.—Exchange.
- XXV.—Miscellaneous.

EXPENDITURE.

- 1.—Refunds.
- 4.—Opium.
- 6.—Stamps.
- 10.—Assessed Taxes.
- 14.—Interest on obligations other than the Public Debt.
- 17.—Mint.
- 28.—Civil Furlough and Absentee Allowances.
- 29.—Superannuation Allowances and Pensions.
- 31.—Exchange.
- 32.—Miscellaneous.
- 36.—Reduction or Avoidance of Debt.

"I think it was not the intention of the Hon'ble the Finance Member to add in regard to these heads anything to what was said in his speech of Friday last or in the explanatory memorandum."

The Hon'ble Sir Robert Carlyle : " I rise, Sir, to introduce the following heads of the Financial Statement for 1912-13 :—

<i>Revenue.</i>	<i>Expenditure.</i>
I. Land Revenue.	3. Land Revenue.
VI. Provincial Rates.	8. Provincial Rates.
IX. Forest.	11. Forest.
XXI. Scientific and other Minor Departments.	26. Scientific and other minor Departments.
XXIX. } Irrigation.	33. Famine Relief.
XXX. } Irrigation.	35. Protective Works : Irrigation.
XXXI. Civil Works.	42A Ditto.
	42 } Irrigation.
	43 }
	45. Civil Works.
	49. Capital Outlay on Irrigation.

" I have nothing to tell the Council regarding Revenue or Expenditure under the heads of " Land Revenue," " Provincial Rates " and " Famine Relief " beyond what appears in the Financial Statement.

" I may possibly have some remarks to make as regards Forest Revenue and Expenditure in dealing with the Hon'ble Mr. Mudholkar's Resolution *re* the Inspector-General of Forests, but otherwise there is nothing in the Forest Budget calling for remarks under the head of either Revenue or Expenditure. I mentioned last year that very promising experiments had been made in connection with the preparation of wood pulp for the manufacture of paper. These experiments have been continued this year in connection with the preparation of bamboo pulp. An experiment on a large scale is in consequence of our enquiries about to be made by a private firm, and, if successful, it should greatly improve the position of the paper mills in this country, and also within a few years should very considerably increase our revenues. Enquiries have also been made by the Forest Department in other directions as regards materials for the manufacture of paper, and very promising experiments, but so far in the laboratory only, have been made regarding various kinds of grass which grow in large quantities in India. At present tea boxes are imported to the value of something like 37 lakhs of rupees. Enquiries have been made by the Forest Economist into the matter, which, I hope, will result in the Forest Department being able to provide suitable timber for the manufacture of tea boxes in this country. There have also been considerable improvements in the manufacture of turpentine which will, I hope, ultimately lead to a large development of this source of income.

" Under the head of ' Scientific and other Minor Departments,' I will deal very briefly with —

- (1) Survey of India ;
- (15) Agriculture ; and
- (18) Veterinary Department.

" Under the head ' Survey of India ' it was explained in the Statement submitted on March 1st that the gradual increase in the Survey Departments of India contemplated by the recent reorganisation had been checked. Under that reorganisation scheme, the ultimate expenditure would have risen to 32 lakhs of rupees a year. It is now proposed not to let the increase go above 29½ lakhs of rupees. The Surveyor General was this year instructed that the ultimate budget was to be kept within 29½ lakhs and his actual budget is below 29 lakhs. If the changes now contemplated in the scales of Survey are effected, the cost of the Topographical Survey of the whole of India will be reduced by one crore. This saving in expenditure will be effected by the reduction of the length of time during which it will continue. Under the head of ' Agriculture ' the grant to the Inspector-General of Agriculture for agricultural experiments will be reduced from 20 to 10 thousands rupees ; and there will be a saving of about Rs. 20,000 mainly due to amalgamation of the establishment of

the Inspector-General of Agriculture with that of the Director of the Pusa Research Institute. There is also a permanent saving of about Rs. 15,000 in salaries owing to the appointments of Inspector-General of Agriculture and Director being amalgamated. On the other hand, expenditure under the Imperial head has been increased by the provision of Rs. 60,000 made in connection with the appointment of an expert in sugar machinery and by a grant of Rs. 10,000 for fruit growing in Baluchistan.

"Under the head of the 'Civil Veterinary Department' there will be a saving of about 20,000 rupees next year by the abolition of the Inspector-General and his office. The saving should ultimately reach Rs. 40,000, but their full effect will not appear till the following year as part of the pay of the Inspector-General's establishment falls within the official year 1912-13. Some expenditure will also have to be incurred for compensation to clerks and others who cannot be provided for in other Departments.

"I may note that some reduction has also been made in the cost of the Revenue and Public Works Secretariats by bringing down only Camp Offices to Calcutta, but this falls under the head of 'General Administration.'

"So far as Irrigation is concerned this is the first year in which we have budgetted for an expenditure on productive works of over 2 crores. This is less than the revised budget of 1911-12, but in the two last years the budget provision has been exceeded, and I hope this may prove to be the case in 1912-13 also.

"The total expenditure on new works, both productive and protective, during the current year is shown in the revised budget as 296½ lakhs against an estimate for next year of 287½ lakhs. The total expenditure on all classes of works contemplated by the Irrigation Commission was 44 crores in 20 years or 2·20 lakhs a year. Three years ago as my predecessor in office pointed out the expenditure had not reached the amount contemplated by the Commissioner. It is now about 70 lakhs in excess of that amount. The expenditure on protective works is still below the amount which the Commission recommended. Last year the expenditure on works of this class was only 54 lakhs. This year it is estimated at 58 lakhs against budget provision of 78 lakhs. This very regrettable lapse is due mainly to scarcity of labour owing to plague and other causes in the Central Provinces, Bombay, United Provinces and Bengal. Next year we are providing 75 lakhs and in the following years expenditure should for some time to come not fall short of 100 lakhs, the present limit of our permissible annual expenditure on protective works.

"In regard to Civil Works we are attempting next year to work down to a reduced grant of Rs. 78·80 (excluding 1 lakh for Archæological works) against a grant for the current year of Rs. 87·16 lakhs and an average expenditure for the previous five years of 81·55 lakhs. So far as original works are concerned, the Public Works Department is practically in the position of an agent for other Departments, and as the Post Office, Telegraphs and Customs are as a rule unable to develop their operations without calling for the construction of new buildings, we are very much in their hands. So far as repairs are concerned, it is obvious that the charges under this head must increase *pari passu* with the increase of a number of civil buildings, roads, etc. The estimated charge in 1912-13 is 18 lakhs."

FORESTS.

The Hon'ble Mr. Mudholkar moved the following Resolution:—

'That this Council recommends to the Governor General in Council that the Budget Estimates be reduced by the pay of the Inspector-General of Forests and of the establishment of his office.'

He said: "Sir, last year at this time I was in hopes that there would be no necessity for a non-official member of this Council to bring forward such a

Resolution or the other one I shall have to move presently. For years the non-official members of this Council and Indian publicists, alarmed by the continuous growth of expenditure, had been pressing upon Government the urgency of arresting this growth and of effecting economies. The reduction of public expenditure was the burden of many a speech delivered in this Chamber in 1910. Towards the end of January 1911 a Resolution was moved by the Hon ble Mr. Gokhale suggesting the appointment of a Committee, consisting of officials and non-officials, to enquire into the causes which had led to the great increase in public expenditure, both civil and military, that has taken place during recent years, so that means may be devised for the greater enforcement of economy, where necessary and practicable. He was supported by a number of non-official members. In the speech which you, Sir, as Member for Finance, made, you said :—

‘What we require is to keep economy constantly in sight, to guard zealously against the unnecessary spending of a single rupee; and to place a curb upon all tendencies to increase public expenditure which is proposed with a view merely to theoretical efficiency or administrative symmetry.’

“While deprecating any putting back of the hands of the clock or precipitancy, you agreed with what Mr. Gokhale had said about the need for caution in the future, and for such ordering of our public expenditure, as would enable us without haste or embarrassment to deal with the new situation as it arises. You opposed the appointment of a Commission on the ground that it was clearly the duty of the Executive Government to set its house in order, and said that the Government of India recognized the importance of doing so and advised the Council to await the result of the unassisted efforts of the Government of India before pressing for an inquiry.”

“This assurance and advice were accepted by Mr. Gokhale and his co-adjutors, and the Resolution was withdrawn. Two months later His Excellency the President, in referring to this assurance, observed :

‘Economy is ever present to my mind; and I cordially endorse the undertaking that has been given by my Government to examine the whole question of our departmental expenditure, both civil and military, with a view to restraining its growth, as well as to actual reductions wherever practicable. Retrenchment is not always an agreeable task, and it is difficult to reconcile with some of our ideals of administration. But in the present circumstances of India, public economy is the clearest of necessities; and I am confident that its fruits will justify the sacrifice that it may entail.’

“Sir, one year has gone and we now know what economies have been effected. It would be ungracious, it would be eminently unfair, not to acknowledge with thankfulness that the Government have done a great deal to carry out their promise. Our thanks are especially due to His Excellency the Commander-in-Chief for the economies carried out in that most difficult department which is under his special charge. But while admitting with gratefulness all that has been done, we cannot leave out of consideration the fact that much still remains to be done. There is still that great question of the throwing more widely open the doors of the higher branches of the public services to the people of this country, a measure which is demanded as much on grounds of justice as of economy. There also remain certain spheres in which the shears of retrenchment have not been applied as thoroughly as they should have been. I have taken the case of the Forest Department, because it appears to me to be a typical one in which the undertaking given by Government last year could and should have been enforced. Indeed it was said sometime ago that the Government contemplated making the reduction which I am proposing. It has not, however, been effected, and I deem it my duty to press it upon the Government. It involves a question of principle which cannot be overlooked, if the assurances given last year are to be kept in view. The post of Inspector-General of Forests was created in 1864. At that time it was undoubtedly required. The wasteful working of forests which was carried on prior to that period demanded that there should be at the head of the Forest Department a man who would bring to bear on its work a grasp of principles and practical knowledge of what has been done in other countries to protect forests, to control and direct their proper exploitation, and to organize renewals. At that time there was an almost utter absence of qualified men in India. There was not even a properly organized machinery working on any settled principles. Things now stand differently. There is now a highly organized

department consisting of highly trained and qualified hierarchy of Conservators, Deputy Conservators, Assistant Conservators, Extra Assistant Conservators, Rangers, and so on. The upper branch is recruited in England, and consists of men who have received scientific training and practical instruction in India. Dehra Dun has been yearly turning out men of a similar type. So well are the officers of the Department provided with technical education and fortified with the varied experience that service in India supplies, that they are in demand to conduct the management of forests in other parts of the world or to report on the best system for their organization. In Cape Colony, in Uganda, in the Soudan, in Nigeria, in Siam, forest officers supplied by the Indian Government are now applying the lessons learnt in the jungles of India; in the Straits Settlements, in Mauritius, Cyprus, Ceylon, the West Indies and elsewhere, advice has been given or organization effected by the same agency. The forests of the Indian Empire have also been visited and the methods applied in them professionally studied by officials from France, Germany, Japan and other countries. This is the testimony of a publication of the Government of India, the Imperial Gazetteer.

"The second thing to note is that we have from 1865 brought into existence a complete set of laws, rules, orders, instructions which are as thorough as any existing in the world. The whole thing has been systematised, so that working is rendered very easy.

"Thirdly, the work though of a highly special character, is done by the Provincial and Circle authorities; settlement, demarcation, surveys, are all done by the men on the spot under the direction and orders of the Provincial and local authorities in conformity with rules and instructions. Working plans have been prepared in the Provinces. Roads and bridges and buildings are all determined there. Protection from fire, from cattle, against injury from natural causes is all done there. Sylviculture and exploitation have to be conducted by men conversant with the localities. One sees little room here for an Imperial official with the Government of India.

"Fourthly, as Forest Revenue has been made wholly provincial, the Local Governments being fully interested, there is no ground for doubting for a moment that they would not allow any revenue to be unnecessarily lost or any waste to be incurred in expenditure.

"Fifthly, the net revenue is not so large as to require the special intervention of the Government of India. The revenue is estimated at 297 lakhs, while the expenditure is 178 lakhs. The net revenue is thus only 119 lakhs which is now wholly provincial.

"Sixthly, we find that many other similar posts have been abolished, for instance, the Inspector-Generalship of Excise and Salt. Now in the Excise the Government of India get one-fourth of the revenue. Salt is entirely an Imperial head. And yet it is not considered necessary to have an Inspector-General. Then the Inspector-Generalship of Agriculture has been abolished. Now the activities of the Agricultural Department are very well known. We have these works carried on in every province by a large staff of officers which is of a very important and useful character, and it is not considered necessary to have an Imperial officer for that purpose. We have, as our main source of revenue, the land revenue, and that is collected without the interposition of an Inspector-General of Land Revenue. Then there is the Customs, which yields over 9½ crores, and there is no Imperial officer required for that. It is an entirely Imperial head, and still no such arrangement is considered necessary. It is said that the Inspector-General is necessary to co-ordinate work. Well, we have got all that was required in the shape of laws, rules and regulations and instructions; and the actual work, as I have said just now, is done by the Conservators and the officers under them. There is that annual publication the Review of the working of the Forest Department which is issued by the Inspector-General of Forests. The whole work therein reviewed has been done by these local officers. There is thus hardly any real necessity for an Inspector-General. To say that the saving would be of a very insignificant character is to miss the whole point. As you pointed out, Sir, if there was one rupee to be saved, that rupee ought to be saved. Well here 95 thousand rupees at least have to be saved. It is an important item. On these grounds, Sir, I commend this Resolution to the Council."

The Hon'ble Sir Robert Carlyle : "Sir, I have not very much to say on this Resolution as it is impossible, as the Council well knows, for the Government of India to take any part in the discussion. It is a matter of common knowledge, it was mentioned in the House of Commons, that the Government of India recommended the abolition of the post and that the Secretary of State did not accept the proposal. The matter is still under discussion, and Local Governments are being consulted. It is impossible for the Government of India to come to any final conclusion till their reports have been received, and when the Government of India have come to a conclusion, if it is still their desire to abolish the post, the matter must again be referred to the Secretary of State. I must compliment the Hon'ble Mover on the great knowledge he has shown in forest matters. Whatever view he may take of the question of abolishing or retaining the Inspector-General of Forests, if all the Members of Council would take the same interest in forest matters as he does, I am quite certain that no Local Government would find any difficulty in getting the consent of the Government of India to any expenditure which may be necessary to develop this very important source of revenue.

"I will only correct one or two slight mistakes which the Hon'ble Member has made. He said the Inspector-General of Forests was quite unnecessary, because all that he did was done by the local officers. That is not quite correct. He mentioned the case of working plans. Well, it is not correct to say that working plans are done entirely by local officers. In the case of Madras and Bombay, that is the case, and it is also the case in provinces where there is a Chief Conservator; but in other provinces, the working plans have got to go to the Inspector-General for examination, and are then returned to the Local Government with his recommendations which may in some cases involve considerable alterations in the plans. Then, again, the Hon'ble Member spoke of the abolition of the post of Inspector-General of Agriculture. That also is not quite correct. It has only been abolished as a separate appointment, and has now been amalgamated with the post of Director of the Agricultural Research Institute at Pusa.

"I must oppose the Resolution, because the Government of India is not in a position to deal with the matter. We must wait until we get the views of the Local Governments before dealing with the matter."

The Hon'ble Mr. Madge : "Sir, I did not intend to make any remarks on this Resolution. The Hon'ble Member in charge has just supplied us with several interesting statements showing that the resources of the country are to be developed by special inquiries which are to be made by specialists. It surely cannot be said that the post of the Inspector-General of Forests ought to be dropped out just as the special inquiries are about to be made. I had hoped to hear from the Home Member that the reduction that has taken place has taken place in Departments that are not headed by specialists in the usual sense of the word. The Inspector-General here is a specialist in this matter, and is of great importance in the Department where special training is needed. I understand that Directors and Inspectors-General of the Departments headed by specialists were to be retained, and I believe that the Departments in which the Inspector-General's posts have been abolished are departments in which ordinary general administrative experience is needed, and not special training."

The Hon'ble Mr. Mudholkar : "In view, Sir, of what has fallen from the Hon'ble Sir Robert Carlyle, I do not wish to say much in my reply to what he has said. The matter is, we are told, under consideration, and there is discussion going on on the one hand between the Government of India and the Secretary of State, and on the other between the Government of India and the Local Governments. In these circumstances, I can quite understand why the Government would not like to commit themselves to any particular pronouncement on an occasion like this. It is a matter of considerable importance to the whole country that what is now urged is also a thing which is having the consideration of the Government. It is thus not only the view of the non-official members in this Council, or of persons who, it is

often said, cannot know all the inner workings of the Department, that the case of the Inspector-General of Forests is one in which saving might be effected. That was also the view of the Government of India. If the Secretary of State holds a different opinion, we have to remember that that is not the view of the Government of India which being more in touch with facts ought to carry greater weight. That was one of the reasons, Sir, why I brought forward this Resolution, namely, to show that the people in the country who take any interest in these matters are in agreement with the views of the Government of India, that they regard the expenditure under consideration as one in which saving can be effected.

"Now in regard to what my friend the Hon'ble Mr. Madge has said, I have again to point out that the forest revenue is now made provincial, and that the actual work is carried on by provincial officers. There is, therefore, no necessity for this fifth wheel in the coach. This is how it appears to me; and though I am not pressing for a division in view of the circumstances and the facts explained by the Hon'ble Sir Robert Carlyle, I do not agree with my friend, the Hon'ble Mr. Madge. I do not press for a division on this Resolution."

Accordingly the Resolution was withdrawn with the permission of the President.

[At this stage the Vice-President left the Chair which was then taken by the Hon'ble Sir Harcourt Butler being the Member appointed by the Governor General to preside in his stead.]

IRRIGATION.

The Hon'ble Mr. Mudholkar: "I wish to move, Sir, the second Resolution which stands in my name. It runs thus:—

'that this Council recommends to the Governor General in Council that the grant to Protective Works—Irrigation—be increased by fifty lakhs of rupees.'

"Sir, it is not many months since the whole country was trembling with fear at the imminence of a dire famine. The Government and the people were in deep anxiety as to what was coming on. We were threatened with a drought and a failure of crops equal in extent and magnitude to the dreadful visitations of 1876-1878 and 1899-1900. By the mercy of God, we have escaped this calamity. There are parts like Gujrat and Kathiawar which are severely struck and sorely distressed. But the greater part of India has escaped. And even Gujrat and Kathiawar have the consolation of knowing that in their hour of distress the attention of the Government and of the country is directed towards them, and there is on every side genuine sympathy and desire to help. It is natural that at a time like this, members of this Council and all who take interest in public matters should look about and see what progress is made in carrying out the measures which have been laid down authoritatively as necessary for insuring this country against the dire effects of famine. It was with great regret I heard that portion of the speech of the Hon'ble Member for Finance in which he referred to the lapse of over 20 lakhs of rupees in Protective Irrigation Works. The great importance and value of Irrigation in India, the great part which it plays in protecting tracts which are exposed to periodical visitations of famine is admitted on all hands. The Famine Commission of 1879 pointed out the great importance of carrying out protective irrigation works; and it was on the recommendation made by them that the Famine Insurance Fund was created. The subsequent famines of 1897 and 1899 necessitated the appointment of two Commissions the Commissions of 1898 and 1900--and these Commissions also pointed out the great urgency for action in the matter. They noticed the exceedingly unsatisfactory results in regard to protective irrigation which were apparent till then. Sir, during that period,

the period from 1886 till 1902-03, you find that the amount devoted to protective irrigation is at times as low as 2 lakhs in the whole year. The Irrigation Commission which was appointed in 1901 and which completed its work in 1903 made large recommendations. It practically suggested that the amount of the Famine Insurance Grant which is not taken up in actual famine relief should be applied towards protective irrigation. Since then larger grants have been made to protective irrigation, and we find that sometimes 50 lakhs, sometimes 60 lakhs, and sometimes even more have been allotted to the work. In 1910, the matter was brought before the Council by my Hon'ble friend Mr. Dadabhoy, and in the reply which was given by Sir Lionel Jacob and Sir John Miller. This is what was said in regard to it:—

'On the subject of financing protective works, our system has been to spend on such work just so much of one-half of the Famine Insurance Grant as is not covered by famine relief and by protective railways. The progress of our protective works has not been hampered in the past, and as the fund required has not been large and the financial position on recent occasions of famine has not been so unfavourable as to necessitate a reduction of expenditure on works in progress, the conditions have now so far changed that the demands can no longer be met from the 75 lakhs per annum available for Famine Insurance Grant, and it was to meet the situation that they decided to incur an expenditure of a hundred lakhs under certain conditions.'

"Sir John Miller said:—

'I was most willing to answer to that appeal—(the appeal of the Hon'ble Mr. Subba Rao and the Hon'ble Mr. Dadabhoy)—for spending more on protective irrigation.'

"Sir, last year a grant was made, and we find that the whole amount that was allotted has not been expended. I shall not refer to any individual work. It is possible I might be told that I am referring to a work, neglected in the Provinces from which I come. That however is not the matter to be considered. We have got here this fact that a large amount which is more than 26 per cent. of the entire grant has not been used and has lapsed. Now, Sir, we are told that this was due to want of labour. Sir, this is an argument which I find difficult to understand. I do not question the fact, but I find it difficult to understand why there should be lack of labour in regard to Protective Works alone. We have Productive works, and in regard to Productive works, not only has the entire budgetted grant of 190 lakhs been fully utilised, but we find that 48 lakhs more have been spent. Out of these, I believe about 12 to 18 lakhs have been spent on certain things got from England. But the other and the larger portion was spent all in India on matters on which labour was required. If the Productive Irrigation Works could command labour, I find it difficult to understand why labour was not available for these Protective Works. Then take also the case of the Civil Works. In regard to the Civil Works, the percentage of lapses is exceedingly small as compared to what has taken place in the Protective Works. And there is one further thing, Sir, which I would mention. Ten thousand of our most efficient and capable labourers are sent away from this country to work in foreign lands. Their recruiting is helped in a manner by Government, at any rate it is encouraged, and when there is paucity of labour in India, I ask is it fair that we should allow some of our most capable workers to leave the land. If Government feel it necessary, they should give encouragement to the recruiting of labour in India, is it not also their duty through their executive officers to obtain supplies for the Public Works Department whenever that Department finds it difficult to obtain labourers? The importance, Sir, of this question cannot be gainsaid. I go so far as to say that if the wages offered on the Protective Works are not sufficiently high, it is even advisable to pay a higher rate of wages and to exceed the cost even by 10 per cent. or even 15 per cent., rather than allow the money which has been allotted to lapse for paucity of labour.

"We have lost over 21 lakhs in the current year. In the past, the average expenditure during the last 30 years was about 20 lakhs annually. The average expenditure for 1903-04 to the end of 1911-12 was about 48 lakhs annually. It is, however, no use regretting the past. We must

set ourselves to rectify the mistakes which have been committed before. The Secretary of State has sanctioned an expenditure of 100 lakhs if the state of the finances allow. We have now a condition of finance showing surplus. I, therefore, propose that, in addition to the grant of 75 lakhs including the grant for minor irrigational works which is budgetted for the next year, we should have an additional grant of 50 lakhs. I base my recommendation upon this ground: 25 lakhs should be added to the 75 to bring up the amount to 100 lakhs as sanctioned by the Secretary of State: then we shall have lost a little over 21 lakhs on account of the lapses of the last year: I propose that these 21 lakhs which are about to lapse should be restored, and adding 4 lakhs, in view of past short grants, the amount of 50 lakhs should be added to the 75 lakhs provided in the draft budget."

The Hon'ble Sir James Meston: "Sir, the Council must have been impressed by the transparent zeal and enthusiasm with which the Hon'ble Member has pressed the claims of protective irrigation in the Resolution which he has just moved. However much we may appreciate the Hon'ble Member's intentions, I am afraid that the precise proposal in which he clothes them is wholly premature. A few days ago, the Hon'ble Mr. Dadabhoy asked us what is the psychological moment for moving the reduction of taxation. I cannot answer the question. If, however, he or Mr. Mudholkar asks us what is the psychological moment for obtaining more money, I think I can answer him. Provided always that the money is available, the psychological moment to ask for it is when you have spent all the money that you have and want more. That moment has not arrived in the case of protective irrigation, and consequently I have had to describe the motion as premature.

"Let us see exactly how the finances of protective irrigation stand. The fillip which has recently been given to that exceedingly important class of public works dates from the Irrigation Commission's Report of 1903. In that Report the Commission, whose authority has our complete and unqualified respect, recommended a twenty years' programme of irrigation, costing a very large sum indeed—some 44 crores. The programme has, I believe, been accepted as desirable and feasible; the Productive part of it is well under way, and steps have been taken, I think successfully taken, to provide the necessary funds for the Protective part. How marked the progress has been in this latter direction may be seen from the following figures. In 1903-04, the year when the Commission reported, our total expenditure on Protective Irrigation Works was 22 lakhs. It rose steadily, until four years later it was nearly trebled and came to 63 lakhs. After that, however, difficulty was experienced in working up to the annual provision of funds. In the last five years, I find that the average budget allotment was 70 lakhs, and the average expenditure was only 60 lakhs, that is to say, there was an average lapse of 10 lakhs a year, or $\frac{1}{3}$ crore in this period of five years. In the current year, as the Hon'ble Sir Robert Carlyle has pointed out, the total grant was as high as 78 lakhs, whereas the expenditure is not expected to be more than 58 lakhs. For next year our provision is 75 lakhs, and the Hon'ble Member now proposes to raise this to the imposing figure of 125 lakhs. In view of the actual spending capacity of the Department, as shown by its recent operations, it is perfectly obvious that the provision of this amount would only mean an enormous lapse at the end of the year if we accept the Hon'ble Member's suggestion. In the last five years 60 lakhs were spent against 70, in the current year, we are expected to spend 58 against 78 lakhs, but what are we going to spend against 125 lakhs?

"It is not of course for me to discuss the reason for the inability of the provinces to spend the amounts which have been placed at their disposal. I am sure that there is no disinclination in any quarter to push on with these excellent works; and I may safely leave the Hon'ble Member in charge of the Public Works Department to deal tenderly with the Hon'ble gentleman's scepticism as to the capacity of his Department to carry out their sanctioned programmes.

"However all that may be, all that we can say in this Department is that there is no backwardness in finding money if the engineers can spend it. Up to two years ago we were restricted in our protective finance by the somewhat narrow limits of the Famine Insurance Grant. The money which we could allot for protective works was only as much as was left over in the Famine grant, after the payment of all expenditure on famine relief, and subject to a maximum of 75 lakhs, from which also had to be deducted any small expenditure on protective railways. We have now obtained the Secretary of State's approval to enlarging this field, and to opening a supplementary head for protective expenditure outside the Famine grant. In years where there is no direct charge for Famine Relief, and when we have no serious anxiety about our surplus, we shall be in a position to allot approximately up to a crore of rupees for protective irrigation. When the actual expenditure approaches that figure, it will then be time to consider whether we can profitably make a further advance; but until that time comes, I am afraid that the Hon'ble Member's suggestion, as I have already said, is premature, and must inevitably be opposed by the Government of India."

The Hon'ble Mr. Dadabhoy: "Sir, the principle involved in the Resolution would doubtlessly appeal to all in that it recommends larger expenditure on Protective Irrigation Works. But I fear I am not able to give my support to it. Some time ago, I moved Government repeatedly for larger allotments under this head. Sir John Miller fully sympathised with my object, and I must acknowledge that Government has, after careful consideration, raised the annual allotment to 100 lakhs of rupees. The Secretary of State finally sanctioned a total expenditure up to that amount on Protective Irrigation Works. In the Budget estimate of the current year, as Sir James Meeson has just pointed out, 78 lakhs of rupees were set apart for Protective Irrigation Works. For next year, it is slightly more, the usual allotment of 75 lakhs of rupees out of the Famine Relief and Insurance being proposed to be supplemented by an additional grant of 3½ lakhs of rupees. The allotment of 78 lakhs could not be spent in full owing to scarcity of labour and other causes. In the current year, we shall spend about 58 lakhs of rupees, leaving an unspent balance of 20 lakhs of rupees. I do not know if there is any ground for the hope that the labour market will be easier next year or that we shall be able to spend more than what the Hon'ble the Finance Minister proposes to allot for the construction of Protective Irrigation Works. There are at present 23 projects of this kind which are either under construction, awaiting sanction or being examined by the professional advisers of the Government. It is not definitely known how many of these can absorb the proposed larger allotment. If there were definite grounds for the belief that a larger grant would be productive of any practical good, I would have myself moved a Resolution for an extra allotment. But as it is, such grounds are absent. Mr. Mudholkar has pointed out that if labour can be found for productive works, why it should not be available for protective work. The labour question is becoming a serious problem in this country. I am supposed to be an 'irrigation enthusiast', but I want to have materials upon which to found a practical scheme of larger financial support. I shall be glad if the whole grant that is proposed to be set apart for the construction of Protective Irrigation Works be fully used up during the year. I would have been glad if the Hon'ble Mover had adduced facts to justify the conclusion that, having regard to the peculiar circumstances now prevailing, the grant of a crore and a quarter of rupees could be profitably used on construction work."

"The proper utilisation of grants is a point to be considered before they are made, and in this matter of original works, the existence of complete schemes alone will induce Government to set apart more money for construction. Any recommendation for extra liberality can be effectively made only on proof that projects ready to be executed cannot be taken in hand unless more money is forthcoming. That proof is absent. In the Central Provinces, the Tendula Canal Scheme is being financed by Government in a way which hardly leaves room for complaint. In fact the complaint is the other way. The whole amount given has not been spent this year. I do not know of

other provinces, but from the explanatory memorandum I gather that in Behar and the United Provinces work has been slow this year on the Tribeni Canal in the one province, and the Dhasani Canal and Ganges Dam in the other, and that, not for any want of funds, but from dearth of labour and other causes. This account of the year's progress does not encourage the hope that more money, if allotted, will be usefully spent. Though I readily acknowledge that Mr. Mudholkar has done a service by keeping this subject prominently before the Council, in the circumstances I have stated above, I am unable to support my friend's Resolution."

The Hon'ble Sir Robert Carlyle: "In spite of the best efforts of our Irrigation Officers we have not been able hitherto to spend in any year on Protective Irrigation Works a larger sum than Rs. 65 lakhs. As the Hon'ble Sir James Meeson has pointed out, the average annual grant during the past five years has been 73 lakhs against which the average expenditure has been barely 60 lakhs.

"When discussing the Financial Statement for 1909-10, the Hon'ble Mr. Miller explained why some years must elapse before the expenditure on Protective Works would exceed 75 lakhs, the limit of expenditure at that time. To the explanations then given, I would add that whereas Protective Schemes are situated for the most part in flat alluvial country, those of a protective nature are generally to be found in more rugged and hilly tracts, which naturally present much greater difficulties in the preparation and execution of an irrigation project.

"The very fact that a large portion of the grant has lapsed in the Central Provinces shows the great difficulties that have to be overcome. I do not believe there is in India a greater enthusiast in the matter of irrigation than my Colleague, Sir Reginald Craddock, who was assisted in the administration by a very capable and zealous Chief Engineer.

"At present the more important protective works which we have in hand are the Tendula in the Central Provinces, the Godavari and Pravara in Bombay, the Gangao Dam in the United Provinces, the Tribeni in Bengal, and the Mopad in Madras. For these and other lesser important works, we propose to provide 75 lakhs for 1912-13. This is as much as we can reasonably hope to spend.

"We hope, however, in the very near future to be in a position to spend the full sum of 100 lakhs on protective works. We have now submitted an estimate, amounting to more than 2½ crores, for the Nira Right Bank Canal in the Bombay Presidency, for the sanction of the Secretary of State. The expenditure on this project should be at the rate of about 25 lakhs a year. We hope also that several other less important works now under consideration will soon be sanctioned. We shall then be in a position to spend 100 lakhs a year on works of the protective class.

"While sympathising most deeply with the motives that have led the Hon'ble Member to move his Resolution, I must emphasise the fact that we could not spend the money he asks for. I would ask the Council to accept my assurance that, while Government must oppose the Resolution, they fully appreciate the importance of the matter, and so long as I fill my present post, I will not relax in my efforts to develop irrigation, whether protective or productive."

The Hon'ble Mr. Gokhale: "Sir, I rise simply to congratulate the Hon'ble Mr. Dadabhoi on his conversion to the official view of things in this matter. The conversion is comparatively recent, because, Sir, I remember a debate which took place in this Council four years ago, in which my Hon'ble friend made precisely the same complaint about the policy of the Government that the Hon'ble Mr. Mudholkar has made to-day. Mr. Dadabhoi was then handled somewhat roughly by the Hon'ble Sir John Miller, as those who were present on the occasion may remember. This is what Mr. Dadabhoi said at the time:—

"When the Government is moved for an additional grant, sufficient to cover the accumulated arrears, the prayer is refused on the score of impracticability. 'The money could not be spent!' That may be a satisfactory reason from the official point of view, but is singularly unconvincing in view of the extra lavish expenditure, sanctioned for the Army and Public Works of at least doubtful utility and urgency."

The Hon'ble Sir Guy Fleetwood Wilson : " Sir, I have little to add to the interesting discussion that has taken place. I am in full sympathy with the object which the Hon'ble Mover of this Resolution has in view. Our large protective Irrigation works are of the highest value in defending from the ravages of famine the areas which they serve, in saving the harvests, in preventing suffering and death, and in advancing the general well being of the country. For such an object, it would be far from my desire to withhold funds whenever they can be profitably expended. The only reason why I cannot accept the Resolution is that it points to what is at present an unattainable ideal. The day may come when we shall be able to spend 1½ crores—the figure which the Hon'ble Mr. Mudholkar's Resolution implies—on protective works every year. But that day has not come yet; and up to the present there have been difficulties in spending the allotments which we have provided. It is not for me to apportion blame for whatever failure there may have been in this respect. If the Department concerned is consulted, I have little doubt that they will be able to give the Hon'ble Mr. Mudholkar excellent reasons for the slow rate of progress of which he complains. All that I am concerned with is the provision of money; and it would obviously be useless to budget for an amount which, as all our past experience indicates, could not possibly be used during the year. I fear that I cannot accept the Resolution. No good result could accrue if I did."

The Hon'ble Mr. Mudholkar : " Sir, I must be grateful to the Hon'ble Member in charge of the Public Works Department, to the Hon'ble Member in the Finance Department and to the Hon'ble the Secretary in the Finance Department for the sympathy they have expressed with the object of my Resolution. So far as the Resolution however itself is concerned, it is rather sympathy of a Platonic type. However, it is good so far as it goes, on account of the authority from which it comes. It is admitted by the Members of the Finance Department that the ideal which I have put before them is one which commends itself to them. They do not accept it just now, because it is an unattainable ideal, and the ideal is unattainable because they say the grant that was made only last year was not fully utilised. Now, Sir, I am sure that the grant of 78 lakhs made last year would not have been included in the Budget by the Finance Department unless it was pressed upon them by the Hon'ble the Member in charge of the Public Works Department. And the Hon'ble Member in charge of the Public Works Department, in his turn, would not have asked for the inclusion of the grant in the Budget unless those who were to carry out the works when the required money was forthcoming had not assured him that the grant would be utilised. This is what appears to me to be the crux of the whole question. Why was the grant of 78 lakhs made if the people who were to carry out the thing were not prepared for it? The only reason that has been advanced so far is the scarcity of labour. To meet that excuse I put the question: Has any other kind of work at all been delayed? Has it been at all put off? Has it suffered on account of scarcity of labour to the extent that protective irrigation has suffered? To that no answer at all is coming forward. My friend, the Hon'ble Sir G. F. Wilson, said that my ideal was an unattainable ideal. But I am sure the ideal laid down by the Secretary of State would not certainly be called unattainable, the ideal which was laid down by the Secretary of State on the recommendation of the Government of India, on the strong pressure of the Government of India. They recognised that one hundred lakhs of rupees a year is a thing which Government may well provide whenever the state of the finances allows. Now what more do I ask? I only ask that the 21 lakhs which should have been spent in the current year, and were not spent, should be made available; and that to that should be added the 25 lakhs which the Secretary of State contemplated should be added, to the 75 lakhs which was considered till then the maximum. Now to ask that the work which should have been done in the current year should in the coming year be done by the agency of extra labour, to ask that the ideal which the Secretary of State has laid down should be kept in view, is that, Sir, to be called an unattainable ideal? I do not think that my suggestion deserves that description. If in a matter in regard to which the

persons who are responsible for making provision and the persons who are to be benefited agree in laying down a certain amount, and the full provision is not utilised, the fault certainly does not lie with the person who makes the suggestion or the provision, but with those who did not carry out what it was their clear duty to carry out.

"Now in the speech which my Hon'ble friend Mr. Dadabhoy has made he has, as has been pointed out by the Hon'ble Mr. Gokhale, taken up a position which is not easily reconcilable to that which he took up in the Council in the years 1909 and 1910."

The Hon'ble Mr. Dadabhoy : "Sir, I am afraid I am absolutely misunderstood by the Hon'ble Member. No doubt my sympathies are entirely, as I pointed out, with the principle of the Resolution. I should not be misunderstood. I have opposed the Resolution, because I am satisfied that the Government in all its liberality has made an adequate grant for Protective Works, but when we are not in a position to spend the full amount of the allocated grant, it is useless to ask for an increment. I am entirely in sympathy with the principle of the Resolution, but when the amount cannot be utilized, it is no use crying for more money."

The Hon'ble Mr. Mudholkar : "In regard to what has fallen from my Hon'ble friend Mr. Dadabhoy, I would only remind him of what he said in 1910. He said that there was no force in this plea of scarcity of labour, and I am now asserting the same. Probably his views have undergone a change, but I am sorry to say that I am an unrepentant sinner in this matter. What I have again to point out in regard to Mr. Dadabhoy's observations is the weakness of the reasons. He says that the plans are not ready. First of all that is not what the Government have said. Secondly, why was an allotment of 75 lakhs made if the plans were not ready?"

The Hon'ble Mr. Dadabhoy : "I did not say anything about plans not being ready. I should not be misinterpreted. My Hon'ble friend is perfectly justified to comment on my speech, but he should not ascribe to me words which I have never uttered in this Council."

The Hon'ble Mr. Mudholkar : "Sir, I must take my friend's correction of himself. In my observations I have taken into account what he said in the past and what I have taken down when he was making his remarks; possibly I may have misunderstood him."

"But to resume the discussion. We are told that the Government of India have done all that they could do: and this though it is not shewn why the grant for the last year was allowed to lapse. We are still in the dark as to the reasons for not working up to the standard laid down by the Secretary of State, and there is no real explanation coming forward. Now one of the reasons why I put down that the grant for this year should have been raised by one hundred lakhs irrespective of the lapse of last year was this. There are a number of projects which it is high time are taken up. In regard to the Nera Project, I am glad to see from what the Hon'ble Sir Robert Carlyle has said that the matter has gone up to the Secretary of State for sanction. This is one of the projects which appeared to me as deserving of being taken up. Now if there is a project which would require 25 lakhs a year, and if that project has been submitted to the Secretary of State, my proposal that we should work up to a hundred lakhs without reference to the lapses of last year's is not certainly unattainable. What is stated by the Hon'ble Member shows that it is a thing which is quite within the bounds of attainment. My difficulty, as I said all along, has been this. Why labour could not be brought from other parts for protective works in the manner in which it has been brought for other works which have not been allowed to suffer on account of lapses; and so long as there is no satisfactory answer given to this question, there will be the uncomfortable feeling of failure of duty on the part of the department. Sir, I must confess I am unable to understand why protective works are not worked up to the standard to which my Hon'ble friend has referred."

"Another difficulty which was pointed out in regard to working up to the plans was the rugged nature of the country. That again does not at all

meet my objection. I am sorry I am obliged to repeat the thing over and over again. I have said that 21 lakhs which have lapsed were provided for because there were projects ready, projects which were believed to be capable of being carried out during the year.—

The Hon'ble Sir Robert Carlyle : " May I explain, Sir ? I did not mean that. When I referred to the difficulty of preparing schemes in difficult country, I only mentioned it to explain the difficulty of spending large sums quickly. I was not referring to the lapses this year."

The Hon'ble Mr. Mudholkar : " In regard to what Sir Robert Carlyle has said, Sir, I want to say that I have explained that the 125 lakhs asked by me are only for this year. I have said that every year we should work up to the standard laid down by the Secretary of State, namely, 100 lakhs, and with the Neera project in view, we can certainly work up to the standard of 100 lakhs. The 21 lakhs which lapsed last year, I say should not be permanently lost to the country. I therefore again urge my Resolution for the consideration of the Council."

The Resolution was put and rejected.

EDUCATION.

[At this stage, the Hon'ble SIR GUY FLEETWOOD WILSON resumed the Chair.]

The Hon'ble Sir Harcourt Butler : " Sir the additional grants for education in 1912-13 will amount, as was stated by the Hon'ble Mr. Gokhale, to 125 lakhs, of which 60 lakhs will be recurring.

" I have already in reply to the Hon'ble Mr. Gokhale stated the distribution of the 50 lakhs recurring grant announced at the Coronation Durbar.

" The remaining 10 lakhs of the recurring grant will be distributed as follows :—

- (a) 3 lakhs to Universities, viz.,
 - to Calcutta and Madras Universities, each 65 thousand ;
 - to Bombay and Allahabad Universities, each 45 thousand ;
 - to Lahore University, 35 thousand ;
 - to the future Dacca University, 45 thousand.
- (b) 6 lakhs to aided English Secondary schools, mainly for improving the staff, viz.,
 - to Madras, 80 thousand ;
 - to Bombay, 60 thousand ;
 - to Bengal, 1½ lakhs ;
 - to the United Provinces, the Punjab and Behar, each 60 thousand ;
 - to Burma, 40 thousand ;
 - to the Central Provinces and Berar, 35 thousand ;
 - to Assam, 30 thousand ;
 - to the North-West Frontier Province, 25 thousand.

(c) 1 lakh will be held in reserve for the present.

" The 65 lakhs non-recurring will be distributed as follows :—

- (i) 16 lakhs for Universities, viz.,
 - to Calcutta and Madras Universities, each 4 lakhs ;
 - to Allahabad and Bombay Universities, each 3 lakhs ;
 - to the Punjab University, 2 lakhs.
- (ii) 4 lakhs for special institutions, viz.,
 - the proposed Islamia School and College at Peshawar and the Victoria Technical Institute, Bombay, each 2 lakhs.
- (iii) 10 lakhs for hostels in Calcutta.
- (iv) 10 lakhs for the completion of a residential scheme in Dacca and for the future University.

(v) 25 lakhs for hostels other than those in Calcutta and Dacca, viz.,

to Madras, $4\frac{1}{2}$ lakhs ;
to Bombay, 3 lakhs ;
to Bengal Presidency outside Calcutta, 4 lakhs ;
to the United Provinces, $3\frac{1}{2}$ lakhs ;
to the Punjab, $2\frac{1}{2}$ lakhs ;
to Burma, $1\frac{1}{2}$ lakhs ;
to Behar, 3 lakhs ;
to the Central Provinces and Berar, $1\frac{1}{2}$ lakhs ;
to Assam, 1 lakh.

Half a lakh will be held in reserve for the present.

"The grants, both recurring and non-recurring, for Universities and the grant for the Calcutta and Dacca schemes of hostels and the Islamia School and College at Peshawar are subject to the submission and approval of schemes, and the grant to the Victoria Technical Institute, Bombay, is subject to the approval of a scheme by the local Government.

"Inclusive of the non-recurring grant made a year ago, the additional grants made or to be made for education during the years 1911-13 amount to 215 lakhs, of which 60 lakhs are recurring.

"Statistics showing educational progress have already appeared in the *Gazette of India*. I now lay on the table a brief descriptive summary.*

"The special grants for sanitation amount to 60 lakhs, of which 50 lakhs are for distribution to provincial Governments, and 10 lakhs for Research and Prevention work.

"Grants to local Governments will be distributed as follows :—

	R
Madras	8,00,000
Bombay	6,50,000
Bengal	7,25,000
Behar	4,62,000
Assam	1,46,000
United Provinces	8,00,000
Punjab	6,17,000
Burma	4,00,000
Central Provinces	1,00,000

"This allotment is based mainly on a consideration of the proportionate urban population together with the special needs of the new provinces and the necessity for special help to backward areas. In addition to this grant of 50 lakhs, 2 lakhs and 77 thousand are allotted to the minor provinces, namely,—

1,50,000 to Ajmer-Merwara,
75 000 to North-West Frontier Province,
50,000 to Bangalore,
and 2,000 to Coorg.

"Of the 10 lakhs grant for Research 4 lakhs will be expended on refitting and extending laboratories as follows :—

(a) Parel Laboratory, Bombay—2 lakhs for the extension of research work and for starting teaching classes.

(b) Grant towards a Bacteriological Institute in Burma in connection with the proposed Pasteur Institute at Maymyo—2 lakhs.

"Six lakhs will be granted to the Indian Research Fund. Of this Rs50,000 will be expended on the purchase of houses and land in connection with the extension of the Central Research Institute at Kasauli and Rs50,000 will be given as a grant to Fraser Town, Bangalore, for further extension of rat-proof buildings as an experimental measure against plague. The remaining five lakhs are for experimental work and measures against malaria and yellow fever. A governing body has been constituted in connection with this fund presided over by the Hon'ble Member for Education, and a scientific advisory board has been elected by the Governing Body, which advises on all matters requiring scientific investigation. The following steps have been taken to carry out the objects of the fund, the nucleus of which was 5 lakhs granted in 1910-1911.

* Vide Appendix No. 1.

"Major James, an officer of the Indian Medical Service, has been deputed to inquire into the causes of yellow fever in the endemic area in view of the danger to which the East will be exposed on the opening of the Panama Canal.

"Captain Mackie has been deputed to investigate kala azar, and a third officer is to take up the question of the investigation of cholera on new lines. With the additional grant of five lakhs which has now been made matured schemes against malaria will be carried out and an anti-mosquito survey made in the chief ports in India in order to carry out measures necessary to prevent the importation of yellow fever.

"The Central Research Institute at Kasauli has been reorganised at an additional recurring cost of close on ten thousand rupees a year and separate Bureaus constituted. The additional grant of 50,000 rupees mentioned above will be devoted to the purchase of land and buildings necessary for rounding off the estate and providing for further expansion. The institution has developed greatly under the able administration and guidance of Sir David Semple and its permanence and future prosperity are now assured.

"A scheme for the reorganisation and improvement of the sanitary services has been submitted to the Secretary of State and a grant of 2½ lakhs has been sanctioned towards its introduction when approved.

"A grant of 25 lakhs has been given for water works and drainage works in the city of Madras. One hundred and forty-five lakhs in all are required to complete the extensive schemes now in progress and the lump grant given will be a substantial contribution towards the balance required.

"During the last two years the Imperial grants for sanitation exclusive of 75 lakhs for city improvement in Bombay and Madras have aggregated 116½ lakhs.

"The first of the All-India Sanitary Conferences was held at Bombay in November 1911, and was attended by 29 delegates from the different provinces including a representative from the Ceylon Government. It is proposed that these conferences should be annual. The report of the first conference will, it is hoped, shortly be published.

"Surgeon-General Sir Pardey Lukis will lay a Memorandum on the table* and explain to Council the nature of the research work which is being carried on."

Museums.

"This Department is responsible for the Zoological and Anthropological section, and the Archæological section of the Central Museums. For some years past the finances of these sections in the Indian Museum, Calcutta, have been on an unsatisfactory basis. In addition to special non-recurring grants made during the year, a recurring grant of R17,100 per annum has been made to the Zoological section, and a grant of R4,000 to the Archæological section. As a result the future financial outlook of the Museum should now be satisfactory."

SANITATION.

The Hon'ble Surgeon General Sir C. P. Lukis : "Sir, I lay upon the table the Memorandum* alluded to by the Hon'ble Member in charge of the Department of Education and in connection therewith I shall with your permission make certain remarks with special reference to medical research in this country.

"Sir Hartcourt Butler in his presidential address at the meeting of the first All Indian Sanitary Conference at Bombay aptly remarked that the basis of all sanitary achievement in India must be a knowledge of the people and the conditions under which they live. This remark, it must be remembered, applies not only to their habits and their customs, but also to their surroundings. In European countries the situation may be summed up by saying that the three essentials are pure food, pure air and pure water, but in the Tropics, as Sir Patrick Manson has pointed out, a large proportion of the so-called tropical diseases are conveyed from one person to another by

*Vide Appendix No. 2.

means of various biting insects. For this reason out here we cannot be satisfied merely with the ordinary sanitary measures which deal with drainage, conservancy and water supply: it is absolutely necessary that we should carry out investigations into the life histories of the various insects with a view to ascertaining which of them are actual carriers of disease and to devising means for protecting human beings from their attacks.

"This work is now being quietly and steadily carried out both in our various Research Institutes and in the field under the auspices of the Plague Commission and the Indian Research Fund, and in view of its importance, I propose to-day, with your permission, to place before the Council as briefly as possible a statement of what we have done in the past and what we hope to accomplish in the future.

"The five diseases with which I shall deal, all of which we know to be conveyed from man to man by biting insects, are (1) Malaria, (2) Yellow fever, (3) Plague, (4) Sleeping Sickness and (5) Kala Azar.

"*Malaria*, as Sir Ronald Ross has shown, is conveyed from man to man by certain species of the common dapple-winged mosquito or *Anopheles*, and there can be no disputing the truth of the axiom that if there were no mosquitos there could be no malaria. But it is obvious that any attempt to completely exterminate the mosquitos in this huge country is pre-doomed to failure, and therefore it was considered advisable before recommending to Government expensive schemes of doubtful utility to make careful researches with a view to ascertaining what are the dangerous species of mosquitos from the point of view of malaria, what are their habits and where are their breeding places. Thanks to the labours of research workers all over the country we are now in possession of a mass of valuable information which leads us to believe that whereas wholesale destruction of mosquitos without any definite plan of campaign would be mere waste of time and money so far as malaria is concerned, on the other hand systematic anti-mosquito measures in carefully selected localities are likely to be crowned with success. Take for instance the case of Bombay, the researches of Liston, McKendrick and Bentley have shown that the malaria prevalent in that city does not arise from the swamps which surround it, but that the infection is carried by a certain species of mosquito of extremely domestic habits which lives and breeds in the wells that abound in the courtyards of private houses. Recently too Major Christophers has shown that the malaria in the Andamans is largely due to a species of mosquito which breeds in the brackish pools on the seashore and that the mosquitos inhabiting the rice fields and the surrounding jungle are perfectly harmless. I need hardly point out to the Council how much this has simplified the problem before us.

"Whilst these and other investigations have been in progress Major Christophers has been training at Amritsar a body of skilled workers who have been taught how to distinguish the various species of mosquito, how to find out their haunts and how to dissect them in order to detect the presence of malarial parasites. At the same time we have been carrying out careful malarial surveys of certain selected towns, so that we are now fully prepared to start a definite anti-mosquito campaign with reasonable prospects of success. On the other hand if we had commenced our proceedings by an indiscriminate slaughter of possibly innocent mosquitos, we should have wasted large sums of money and probably have brought anti-mosquito measures into undeserved disrepute.

"*Yellow Fever* again is a disease which is conveyed from man to man by another species of mosquito—the *Stegomyia*—which is the common striped or tiger mosquito with which Hon'ble Members are all familiar. The Council has heard that Major James has been sent to Panama to devise measures for keeping the disease out of the country, but it is also necessary that we should take measures for stamping it out if ever it obtains a foothold. With this object we propose making a careful *Stegomyia* survey in all the principal ports with a view to ascertain the breeding places of these mosquitos and if possible to destroy them before the disease reaches the country. If we can only free our ports of these insects, there is no fear that any cases accidentally introduced will act as centres of infection or that the disease will spread.

"We now come to *Plague*. When I pointed out to the Council two years ago that, so far as bubonic plague is concerned, the infection is conveyed by the rat-flea and that prevention in this case is very largely a question of domestic hygiene as distinguished from general sanitation, I was taken to task by certain sections of the Press, but, Sir, accumulated experience and recent observations all tend to show that so far as bubonic plague is concerned, conveyance by the rat-flea must now be regarded as an accepted fact and not merely as a theory. The Council is aware that there are many localities, especially in Madras, Eastern Bengal and Assam and the United Provinces, which hitherto have not been attacked by Plague. During the past year careful enquiries have been made by officers of the Plague Commission into the causes of this local immunity, and it has been clearly proved that wherever this immunity is found, one of two conditions exists—either the climatic conditions are unfavourable to the multiplication of fleas, or else the habits of the people conduce to scarcity of rats in the houses. Surely, Sir, this is strong confirmation, if any confirmation were needed, of the truth of the rat-flea theory. I must also mention two other important observations by officers of the Plague Commission. When Plague invades a town or village, it is usually conveyed either by fleas carried in the clothes or bedding of persons coming from an infected area, or else the fleas are brought in with bags of grain which have been in contact with infected rats. Captain Cunningham's experiments at Parel have shown that fleas in clothes or bedding can be destroyed without any expensive process of disinfection—all that is necessary is to expose the articles to the action of bright sunlight for several hours. This process is obviously unsuitable for bags of grain, but experiments are now in progress at Parel which will, I hope, solve the problem of how to kill the fleas without damaging the contents of the bags.

"*Sleeping Sickness*.—This disease is spread in Africa by the Tsetse fly, and up to the present it has not extended to India. Indeed many persons hold that it can never do so, seeing that Tsetse flies do not exist in this country. Recent events however in Rhodesia lead one to think that the Tsetse fly may not be the only carrier. Moreover, in these days of rapid communication, there is no certainty that it may not ultimately reach our shores and once it reaches then there is no reason why it should not spread and multiply even more rapidly than rabbits have multiplied in Australia. For this reason the study of medical entomology is included in the programme of work to be done under the auspices of the Indian Research Fund, and the biting flies of India will receive special attention.

"The last disease I wish to mention is *Kala Azar*, or, as it is sometimes called, *Dum Dum Fever*. This is a chronic and usually fatal disease, associated with great enlargement of the spleen, which was formerly supposed to be malarial in its origin. In 1904, however, it was shown by Leishman and Donovan to be due to a parasite which is totally different in its nature from that which causes malarial fever, and there is strong evidence that the anopheles mosquito is not the carrier in this case.

"There are several points in connection with this parasite which require further investigation, and these are now being taken up by the officers working under the Research Fund. In India there are two varieties of this parasite—one of them causes the fatal disease known as *Kala Azar*, whilst the other gives rise merely to a local sore, which is known by various names in different parts of the country, such as *Delhi boil*, *Sindh sore*, etc., and there are reasons for believing that the two parasites are mutually antagonistic. This is a point on which we seek to obtain accurate and scientific evidence, for, if the antagonism is proven, then it may be possible to protect patients against *Kala Azar* by inoculating them with the milder disease, just as we vaccinate people to protect them from the ravages of small pox.

"The next question is what insect acts as carrier in this disease. Captain Patton, as the result of his observations in Cambay and Madras, holds that the common bed bug is the carrier both of Oriental sore and of *Kala Azar*, and he has advanced strong evidence in favour of his view. Other observers however incri-

minate the house fly, the tiger-mosquito and sand flies so that further observations are clearly necessary. These observations have been rendered even more necessary by the recent discovery that there is a third variety of the parasite occurring on the shores of the Mediterranean and affecting chiefly children, giving rise to what is known as infantile Kala Azar. This disease has been shown to exist also in dogs, and it appears probable that it may be conveyed from dogs to human beings by means of the dog-flea.

"So far it has been found impossible to infect dogs in India with the Indian variety of the parasite nor has it been proved to occur in them naturally. It is obvious however that a more extensive examination of dogs in Kala Azar districts in India is clearly indicated, and this examination will now be undertaken.

"Time will not allow of my saying more on this important subject, but I think, Sir, that I have said enough to show that money allotted for medical research in India is money well spent and also that the officers serving under me are making steady progress towards the elucidation of the difficult problems with which they are confronted."

EDUCATION.

The Hon'ble Babu Bhupendranath Basu : "Sir, I intended to move a Resolution calling the attention of the Council to the hard conditions under which the Indian officers labour in connection with the Indian Education Department, but I find that I am confronted by a difficulty which it is not easy to get over without crippling my Resolution to a considerable degree. I can only deal with the conditions which prevail in Coorg, in the Central Provinces and Berar, and I might, I believe, only approach the question of my friend the Hon'ble Mr. Sharp whom I am afraid to touch. Under these circumstances, I withdraw my motion and shall bring it forward by way of a Resolution at a future meeting."

The President : "The Resolution is, with my permission, withdrawn."

ARCHÆOLOGY.

The Hon'ble Mr. Mudholkar moved the following Resolution :—

'That this Council recommends to the Governor General in Council that the Budget Estimates be reduced by the pay of the Director-General of Archæology and the establishment of his office.'

He said :—"In the remarks, Sir, which I made in moving my Resolution on the reduction which could be effected in the Forest Department, I mentioned the reasons why that Resolution and this Resolution are brought before the Council. It is to give fuller effect to the undertaking given by Government last year : it is, for the purpose of carrying out the principles, then laid down; that three matters are brought before the Council. We know that in this matter Government have taken action, and they, have done what they could. The matter is still between them and the Secretary of State. The Secretary of State, so far as I can understand, seems inclined to take a view different from that of Government; but as we believe, as I for one believe, that Government are doing the right thing in this matter as in the matter of the Inspector-General of Forests, I think it is best that expression should be given to this view. The Department is one which is a very small one, and we do not see the necessity of a Director-General of Archæology. Nobody denies the necessity of preserving monuments; nobody can feel more proud of them than I and those who hold the views I do, do; but we do think that this work can be left to be done by the different provinces. As a matter of fact it is done by the persons who are actually working in the provinces, and it is not necessary to have a Director-General for it."

The Hon'ble Maharajadhiraja Bahadur of Burdwan: "Sir, I oppose this Resolution on the ground that, although the pay of the Director-General of Archaeology as well as the cost of the establishment of his office cannot be very large, it has done good work in the past, and now that the seat of the Government of India will be at Delhi, it is all the more necessary that Government should realise and understand the necessity of having a central controlling authority over the ancient monuments of India. I fully admit that Provincial Governments, since the time this post was brought into existence under Lord Curzon's regime, have done a great deal of good work regarding the preservation of ancient monuments, but I think that in this matter central supervision is essential, as I have known instances even after the appointment of this Director-General where it had been necessary to prompt different Local Governments to maintain properly these ancient priceless monuments of India. For these reasons, Sir, I think that we should have this Director-General and his establishment in existence, and therefore I oppose this motion of Mr. Mudholkar."

The Hon'ble Sir Harcourt Butler: "Sir, the Hon'ble Member will hardly expect me to accept on behalf of the Government of India a proposal which in some form—a very different form, it is true—has recently been rejected by the Secretary of State, and I must accordingly oppose this Resolution. But I think I owe it to him and to this Council to make a statement as to the policy of the Government of India in respect of archaeology, especially since grave misunderstanding has arisen in certain quarters on important matters of fact. From statements which have appeared in the Press both in England and in India it would appear that the Government of India contemplated a reversion to conditions existing before the appointment of a Director General of Archaeology, that we wished to divest ourselves of our interest in archaeology and curtail our expenditure thereon, that the expert archaeologists now in the department would be disbanded or reduced in number, that the publications of the department would be discontinued or cut down, and that the ancient monuments and archaeological work generally in India would be made over to non-expert hands. For none of these assumptions has there been any foundation whatsoever in fact."

"The Government of India are deeply interested in the work of archaeology, and they have abundant evidence that their desire to preserve the grand archaeological treasures of India, to excavate and conduct research into the ancient history and monumental archaeology of India, has the whole-hearted support of all who are interested in India, who are proud of its past. We recognise the great work to which Lord Curzon gave such well-directed stimulus, and we are resolutely determined, within the means at our disposal, to carry it forward. While realising that much has been done we were also convinced that much remained to be done. We were particularly impressed with the importance of training Indians on the most modern lines for all branches of archaeological work, and we thought that sufficient had not yet been done in that direction. Given equal opportunities we believe that in time Indians who live in India will be able to rise to the front rank in archaeological work. We have in India in the Archaeological Department and outside it not a few really eminent European scholars and specialists in monumental archaeology who are more than capable, under suitable conditions and opportunities, of training Indian scholars in archaeological work and in Orientalia generally. We also felt the need of some institution of first-class rank in India to advise us with the highest authority, and we regarded it as wrong that scholars in India should set their face towards the west in dealing with Indian antiquities. We accordingly summoned a Conference at Simla last July, a remarkable gathering of scholars, European and Indian, such as has not been assembled, I am told, in India, for more than a century. The principal proposal placed before that Conference, a proposal which has elicited much well-informed enthusiasm, was the creation of an Oriental Research Institute with a chair of Archaeology. The proceedings of the Conference have been published and have attracted some attention. The Conference pointed out several desirable lines of advance and possible

improvement in archaeology and the study of Orientalia generally. We considered those proposals, and we came to the conclusion that a Central Research Institute could control archaeology generally more efficiently than a single officer who can only specialise in one or two branches of a wide-ranging subject. Our proposals were not ready at the time; they are only now ripe for submission to the Secretary of State, but we adumbrated them in a despatch suggesting the abolition of the post of Director-General of Archaeology and the immediate creation of a new Professorship of Archaeology in its place. Pending the creation of the new Institute, we advised that the Professor should be attached to the Indian Museum, Calcutta. As Hon'ble Members are aware this proposal was not accepted by the Secretary of State. New proposals are about to be forwarded to the Secretary of State which will, we trust, meet with the approval of all who are interested in Indian Archaeology. I cannot say more than this, but I hope I have said enough to convince Hon'ble Members that we are striving strenuously to develop Indian Archaeology and to prepare to train up Indians to carry on this important work on a larger scale than hitherto.

"So far from suggesting curtailment of expenditure, we contemplated increase of expenditure, for obviously an Institute will involve increased expenditure. So far from contemplating reduction of establishment, we were considering a small increase of establishment. We never had the slightest intention of limiting the conservation work or fine research work done by our European scholars. So far from discontinuing archaeological publications, we were considering, and considering favourably, proposals of the Conference for more convenient production of such publications and wider circulation to scholars in and out of India.

"As regards decentralisation, there appears to be considerable misunderstanding as to the degree of centralisation already existing. When the post of Director-General of Archaeology was created it was expressly laid down that there was no intention of weakening the responsibility of Local Governments for the care of their ancient monuments, and that the object of the appointment was to give a stimulus to local effort by the provision of expert advice. The Archaeological Superintendents are subordinate to Local Governments as regards work and discipline, and submit their reports to them. Local Governments have accomplished much for archaeology within their resources. The expenditure during the past ten years under Imperial and Provincial heads has been :—

	Imperial.	Provincial.
	Rs.	Rs.
On works	5,68,900	23,13,356
Establishments	15,88,930	3,56,585
Total	21,57,830	26,69,941

"The conservation work of the Archaeological Department is carried out by officers of the Public Works Department under Local Governments.

"I will say no more on this point. I have, I hope, convinced the Council that the Government of India are impressed with the importance of this subject, and that the charges levelled against the Government of India in this connection were absolutely groundless. May I add from my own experience that His Excellency Lord Hardinge is deeply interested in the antiquities and monuments of India.

"There is another and smaller matter which has attracted no little comment and misapprehension. I refer to the restoration of the caves of Elephanta at Bombay. Hon'ble Members know the character of the criticism which this necessary measure evoked. Vandalism of the worst kind was attributed to the local restorers. The Government of Bombay have already issued

a communiqué on the subject. Hon'ble Members will probably be glad to hear the opinion of Mr. Marshall, the Director-General of Archaeology, who has lately returned to India and who inspected the work on the spot. He writes, under date the 10th February 1912, that the repairs were rendered necessary by the danger which threatened the roof of the great Temple, that they were carried out under the advice of the Archaeological Department and that the work has been admirably executed, although the toning of the new masonry (the old masonry was not touched) and the restoration of the steps, two minor details, might have been differently carried out with advantage. 'Apart from these defects, which are not irremediable,' writes Mr. Marshall, 'I consider that the repairs at Elephanta reflect very great credit on the Public Works officer responsible for them.' I am authorized to say that His Excellency himself, when recently at Bombay, visited the caves and came to a similar conclusion.

"In the circumstances, I am not able to support the Resolution of my Hon'ble friend."

The Hon'ble Mr. Muhammad Shafi: "Sir, may I be permitted to express my humble satisfaction at the lucid and clear statement of policy which has been just made by the Hon'ble the Education Member on behalf of the Government of India. This statement, I feel sure, will not only clear up misapprehensions said to be existing in certain quarters with reference to that policy, but will also re-assure all true lovers of Indian art and architecture that the Government of India is taking, and will continue to take, every possible care to see that these monuments of Indian architecture are not only restored, but are maintained in proper condition. I am sure that the statement of policy which has been made to-day will give entire satisfaction in every quarter of Indian public opinion. I feel certain that the reasons given by the Hon'ble the Education Member will be appreciated by all the members present here, and that the majority of the members at least will unite in opposing the Resolution which has been brought forward by the Hon'ble Mr. Mudholkar."

The Hon'ble Mr. Mudholkar: "Sir, after the exposition just made of the policy of the Government in the matter, there is not much occasion left for me to reply so far as the Government are concerned. I for one was never under the misapprehension as others were, that Government were going to be guilty of any act of vandalism, or were even going to show indifference towards the work of the preservation of the ancient monuments of India, and that they and we are not alive to the duty of maintaining in proper order our ancient works. It is supposed by some people that, whenever it is suggested that a certain post should be abolished, the person who makes that suggestion must be an enemy of the Department whose activities the officer holding the post represents. Thus now when it is said that the Director-General of Archaeology is not wanted, that the work which he does should be done in the Provinces by experts chosen by the Provincial Governments, by work carried under the supervision of the Provincial Governments; it is assumed that the person who makes the suggestion has no regard for the great achievements of his own ancestors. Well to that frame of mind, the Government has given a crushing reply. That frame of mind exists both in England and in India, and what the Hon'ble Sir Harcourt Butler said in defence of Government in the matter applies also to my Resolution, and I do not take the statement of Government. I do not at all wish to press this Resolution to a division. But, as in the matter of Forests, so also in the matter of Archaeology, the matter is, as I said, one for action in the Provinces; and when you are going to have local autonomy and things of that kind, these are certainly matters which ought to be entrusted to the Provinces. After the expression of the views by the Hon'ble Sir Harcourt Butler, I do not wish to press my proposal to a division."

Accordingly the Resolution was withdrawn with the permission of the President.

SALT, EXCISE, CUSTOMS, ETC.

The Hon'ble Mr. Clark : "Sir, I have to introduce the heads of Salt, Excise, Customs, the Post Office, Telegraphs, Stationery and Printing, and Railways. This last head, however, I would ask you to permit the Hon'ble the President of the Railway Board to introduce in my place.

"With regard to Salt, Excise, Customs and Stationery and Printing, I have nothing to add to what Hon'ble Members have no doubt already perused in the Memorandum explaining the details of the Estimates. I will, however, say a few words in regard to the Post Office and Telegraphs.

"The receipts and expenditure of the Post Office since 1908-09 are as follows :—

	Receipts.	Expenditure.
	£	£
1908-09	1,825,620	1,896,753
1909-10	1,927,229	1,927,582
1910-11	1,936,922	1,950,892
1911-12 (Revised Estimate)	2,122,400	2,037,300
1912-13 (Budget Estimate)	2,218,900	2,049,200

"For the year 1908-09 the expenditure of the Post Office exceeded its receipts by £71,133. In the next two years there was an increase of £171,302 in receipts accompanied by an increase of only £54,139 in expenditure, and there is every reason to believe that by the end of the present year there will be an addition of no less than £125,478 to the former figure while the addition to the latter will amount to only £36,408, about a half of which is due to the King's visit. During this year the expenditure of the Department will for the first time exceed £2,000,000. For the year 1912-13 we expect a further increase of £96,500 in receipts but an increase of only £11,900 in expenditure.

"A careful overhauling of the expenditure of the Department has taken place, and economies amounting in all to 1½ lakhs per annum have been effected. About a third was on account of the reduction of subsidiary mail services by railway and another third on account of the reduction of permanent road line establishments. The remainder was made up of small items.

"I turn now to the Telegraph Department. In the receipts for telegrams there is a considerable increase in the Revised Estimate due to the increase of traffic owing to the Coronation Durbar, the labour troubles in England, etc. In the Budget Estimate for 1912-13 the effect of these unusual factors has been eliminated and a normal increase of 4 00 lakhs has been allowed for.

"The special expenditure during 1911-1912 occasioned by the visit of Their Majesties was considerable and was not confined to Delhi. Special copper wires were erected between Bombay and Delhi, and Agra and Delhi, at a cost of 3.42 lakhs. In Delhi itself the expenditure was about 1.84 lakhs. The work comprised the erection of 346 miles of line (inside the Durbar area) 2,612 miles of wire of which 1,535 was in the Durbar area, and 2,104 miles of under-ground cable connections. Eighteen Telegraph Offices were opened in and around Delhi and 605 telephone connections. In addition special arrangements were made during His Majesty's visit to Nepal and Her Majesty's stay in Rajputana as well as in Calcutta. I think Council will realise that the Telegraph Department had very considerable expenditure put on them owing to the visit.

"Another special item of expenditure during the year 1911-1912 has been the cost of the inland wireless stations which amounts to 10.31 lakhs. Provision for 2.78 lakhs has been made in the Estimates for 1912-1913 under this head.

"There is one other matter which I ought to mention in connection with the two great Departments to whose activities I have just referred. The Government of India have for some time past, as is well known, had under their

consideration the question of the possibility of amalgamating the Posts and Telegraph Departments. As a preliminary step, they propose in the first place to bring the administration of the two Departments together under one head; and they have decided that from April next when the Hon'ble Mr. Dempster goes on leave, the Hon'ble Sir C. Stewart-Wilson should hold the office of Director-General of Telegraphs in addition to that of Director-General of the Post Office, and under the title of the Director-General of Posts and Telegraphs should carry on the administration of the Telegraph Department in addition to his own duties. This appointment is temporary, and the combination of the two offices under one head is a purely tentative measure. It is the intention of the Government of India that the Hon'ble Sir C. Stewart-Wilson should, after he has gained some experience of the Telegraph Department, report whether a complete fusion of the Postal and Telegraph services is feasible and advisable; and if so, that he should prepare a scheme for their gradual amalgamation. I need not say more upon this subject now, as it has been very fully dealt with in the Resolution issued by the Government of India in January last.

RAILWAYS.

The Hon'ble Sir T. R. Wynne: "Sir, in my remarks on the results of Railway working for the year 1910-11, I claimed that the figures then presented afforded ample justification for the policy, which had been adopted during the last five years, of spending large sums on open lines for works and rolling stock, so as to enlarge the capacity of the lines for carrying traffic.

"The figures for 1911-12 afford still further evidence of the soundness of this policy, the net result of the working of the lines owned by the State being a gain of £3,071,200 as against a gain of £2,038,193 for 1910-11. This large increase has been rendered possible solely by Railways being able to carry more traffic, as a result of the large sums of money which have been spent on their improvement. The figures speak for themselves and do not seem to me to require any lengthy explanation. I propose, therefore, to deal with the more interesting question of the present difficulties which Railways experience in meeting the demands of trade for Railway transport, the cause of these difficulties and the measures that are being taken to meet a possible continuation next year of this sudden increase of traffic.

"It is a popular pastime to abuse the Railway Board and to hold them responsible for every grievance against Railways, and under the rules of the game the Railway Board are now held responsible for all delays in the transport of goods and are called on to apply an immediate remedy.

"Only this morning I received a letter from a Local Government referring to the abnormal traffic with which the Railways in its Province had been dealing during the last two months, and to the congestion which was occurring in despatches to the ports. It then called on the Railway Board to adopt special measures, without delay, to relieve the congestion and to facilitate the movement of the export traffic to the Ports.

"Sir, there are no special measures which can be adopted immediately, to remove the present congestion and to expedite the movement of export traffic to the Ports, unless you stop all famine traffic and decline to allow the local booking of goods, both obviously impossible remedies to apply. If any immediate measures had been possible they would have been adopted. The only remedy is to increase the carrying capacity of the Railways and this requires time to construct the works necessary and build additional rolling stock. The obvious criticism on this statement is why has not Government provided for an increase in the carrying capacity of railways proportionately to the growth of trade?

"The answer to this question is that, when deciding on the amounts to be set aside to meet a growth of traffic, you can only go on past experience, recollecting that rolling stock and works cannot be manufactured and built in a day, and that arrangements have to be made months and, in some cases, years ahead.

With these works completed, the Great Indian Peninsula will be in an immensely better position than it now is, to deal with abnormally heavy traffic like the present, and this again will enable the Oudh and Rohilkhand Railway and the Bengal and North-Western Railway to deal with their business, without being subject to the restricted booking from their lines that has to be enforced at present.

"The Port Trust in Calcutta no doubt are moving in the direction of increased terminal accommodation, to avoid the recurrence of the unfortunate stoppage of bookings to Howrah and the Docks which happened last year owing to the Dock godown being full of Java sugar, and the East Indian Railway are shortly putting forward proposals, costing some 85 lakhs, for the purpose of accelerating the handling of their coal traffic.

"Taking now the difficulties in the coal trade, I would explain that there are three exceptional factors at work, one being that Railways themselves are very short of coal, owing to the increased traffic they have to carry, the second being the rise in steamer freights which is causing more coal to be sent by Railways instead of by sea, and, thirdly, the increased demand by the public up-country for coal which seems to be growing rapidly.

"Railways must be kept working and have, therefore, the first claim on wagons for coal. It would be disastrous to the trade of the country if Railways not having collieries on their lines, had to cease working in order to enable the Bengal lines to provide wagons for general produce in full. This Railway coal traffic is absorbing more wagons than usual and is the cause of a diminished supply for the public.

"The second and third factors create a shortage of wagons owing to the long distance to which coal is now carried by rail. It is obvious that such longer journeys lock up a loaded wagon for a great many days and reduce its carrying capacity in any fixed time, to a lesser tonnage than would be the case if it had been employed on the shorter run to Calcutta.

"While I hold, therefore, that the situation is exceptional and that no immediate remedy is possible, it would be wise to take some immediate steps in light of the experience of the present time, to provide for the present pressure of traffic continuing during next year.

"In next year's programme a sum of 950 lakhs has been allotted for open line works and rolling stock, of which a sum of 475 lakhs has been set aside for the latter. This will provide—

182 locomotives,
6,100 goods wagons.

besides coaching stock.

"The completion of works now in progress, to enable better use to be made of the existing rolling stock and the pushing on rapidly of further facilities for dealing with traffic, justify an increase in the amount of rolling stock to be ordered next year, and for which provision has been made in the programme.

"Arrangements are, therefore, in progress for the supply of 2,500 broad gauge wagons and 1,000 metre gauge wagons, in addition to the stock which I have referred to as being provided for in the programme.

"I feel confident that Railways are doing their best under very difficult conditions, the enormous growth in railway receipts each week being clear evidence of this. To confirm this, as soon as I can get away from Council, I propose to go to Bombay to consult with the Railways there. In addition both Members of the Railway Board have proceeded to the North-West with the same object.

"I think I have said enough to show that Government and the Railway Board have not been asleep, that they are fully alive to the present difficulties, that they have foreseen a great growth of Indian trade and have taken steps, within the financial limits imposed, to be ready for it, but that the unprecedentedly heavy trade of the present year and the other contingencies, which I have indicated, have exceeded all possible expectations."

The Hon'ble Mr. Mudholkar: "Sir, I beg to move the Resolution that this Council recommends to the Governor-General in Council (1) that the grant for railways be increased by twenty lakhs of rupees for taking the main line of the Shegam-Nagpur section of the Great Indian Peninsula Railway through Amraoti, and (2) that out of the total amount allotted for railway construction, fifty lakhs of rupees be earmarked for being applied towards the construction of the Akola-Basin Railway during the year 1912-1913.

"Sir, I have listened with great interest to the explanation of the programme of Railway work in the coming year given by Sir T. Wynne, and I acknowledge all the efforts which are being made by the Railway Board for facilitating Railway transport. Among the other things which he mentioned was the case of doubling the line between Shegam and Nagpur. In regard to that, there arises an important matter—a matter, which though one might say, it belongs to a particular locality has also got considerable importance both to the Province wherein the locality is situated and to the country generally. I refer, Sir, to the case of Amraoti.

"Amraoti is the head-quarters of Berar, which, though it has ceased since 1903 to be a separate Province, is among the most important and advanced territories under the administration of the Chief Commissioner of the Central Provinces. The resident population is not very large, being only about 41,000 for the town and Civil station, but the town possesses the largest cotton market of a tract which occupies the foremost place among the cotton producing areas of India. There are 18 cotton ginning and 15 cotton pressing factories and two oil extraction mills. The arrivals of cotton in the local market were last year 170,000 carts, weighing 132,000 bales of 400 lbs. each, and constituting about 1-19th of the cotton exports of the whole of India. Its general trade and commercial activity are of no small magnitude. One thousand passengers are daily booked outward, and the number of arrivals is about the same. The goods brought by railway come up in weight to about a million and a quarter maunds a year, while goods booked outward are slightly less. Seven trains have to be run daily each way between Amraoti and Badnera; and even this number does not meet all the wants of the public and afford them the convenience they desire. Between Bombay and Nagpur—a distance of 520 miles—the goods traffic of Amraoti has during the last quarter of a century, always occupied either the first or the second place after Bombay. Its position as a town of great commercial activity and an important trade centre can be traced back several generations. It has always been a matter of wonder and regret to the people of the District that, when the railway was first constructed 47 years ago, the main line was not taken through this town. The mistake of leaving it out of direct railway communication was discovered soon after, and in 1870 a branch line was constructed by the State. That line, however, could serve only as a temporary makeshift, and in the interests of the general public, of commerce and industry and of the State, the time has now come for revising the action taken 50 years ago and rectifying the serious mistake then committed.

"The existing arrangements involve great loss of time extending over forty minutes to three hours, inconvenience and even positive trouble to the travelling public, as also, pecuniary burden. The goods traffic has also to bear imposts and disabilities productive of heavier charges on the one hand and delay in transport on the other. There is a special toll levied on goods on the Amraoti line over and above the ordinary freight. The amount of this impost comes in the aggregate in a year to Rs. 36,000. The Amraoti traffic has, during the first thirty years after the opening of the line, yielded a net profit of 8.82 per cent. on the capital outlay of 4.5 lacs when many of the other lines were a source of loss to the State. During the last ten years, the net profit has, it is estimated, been above 12 per cent. After giving 3½ per cent. of net profits, the line has repaid the original outlay two and a half times over. The town and its passenger and goods traffic have thus a just claim upon the kind consideration and generosity of Government.

"Judging by the extraordinary progress which has taken place at other stations in Berar, situated on the main line, the expansion of the trade of Amraoti and the development of its industries have been prejudicially affected by its not being on the main line. The proper development of the fertile and progressive portion of Berar to the West, North and North-East of this town loudly demands the execution of the Amraoti-Ellichpur and Amraoti-Morsi-Sonnair projects. A distributing centre and the largest market for the towns and villages of North-East Berar, the projected light railway to Ellichpur and the Amraoti-Sonnair line will radiate from it and it will become a junction station within a short time. In a reply which the Hon'ble Sir T. Wynne gave to a question which I put in January 1911, he said that we had to bear in mind that the interests of Badnera would be affected by the proposals which were contained in my question.

"Now Sir, as regards Badnera, the passenger traffic of that place is $\frac{1}{90}$ th of that of Amraoti, and the goods traffic probably less than $\frac{1}{40}$ th. I submit that it would be unfair and highly prejudicial not only to an important town like Amraoti, but to several other places of no mean agricultural, industrial and commercial position to permit the insignificant traffic of Badnera to come in the way of an alignment beneficial alike to a large section of the public and to the State. What local traffic there exists at Badnera can, it is submitted, be more than adequately met by maintaining the existing branch line and running a train each way daily. It is doubtful if even the expenses of one train can be met by this traffic. But it is not necessary for granting relief to Amraoti to do any injustice to Badnera, if it is thought that the removal of that place from the main line would be a real hardship. I have explained in the interviews which Sir T. Wynne and the Members of the Railway Board have been kind enough to grant me that this can be done, and the only result of doing justice to Amraoti while keeping Badnera on the main line would be an addition of a few miles to the length of the line, the length varying from 5 to 8 miles according as one place or another is adopted which after all is not a very serious thing.

"The question which remains is the cost of this construction. About the cost, estimates vary greatly, and it is a matter in which the President of the Railway Board is a far greater authority than I can pretend to be.

"Assuming the calculation which was made by the Railway Board that it would involve an increase in expenditure of something like 20 lakhs, I would say that the expenditure of 20 lakhs would be more than amply repaid soon. What we have got to see is that there is a town of very great capacity—a town which has already a great passenger traffic of two thousand passengers daily, and a goods traffic next in importance to that of Bombay the hardship of which has to be taken into consideration; and, even if, for the time being, there is no sufficient return, it is an expenditure worth incurring.

"Sir, in this matter, my town has made a representation to the Government of India, and I was given, as I have already said, the advantage of a discussion with the Members of the Railway Board. I then pointed out to them that the request of the town was supported by the Commissioner of Berar and by the Head of the Local Government who is now in this Council, and both are authorities who possess intimate local knowledge, and their opinion was certainly deserving of consideration and will be given the weight that it is entitled to. They would not have supported the request of Amraoti, if there was anything wrong in the statements of fact on which that request was based. When persons holding their authority support a prayer, I think Sir, it is a matter which the Government should take into serious consideration.

"I was told, Sir, that the Railway Company objected to find 20 lakhs which they considered were required. Well, I must confess I do not see where the Railway Company comes in here at all. The Amraoti line was constructed out of Berar funds, and now that Berar is handed over permanently to the Government of India, it belongs to that Government. As a matter of fact, the whole line, worked by the Great Indian Peninsula Railway, belongs to the State, and it is the Government which has to consider whether 20 lakhs are to be

spent or are not to be spent by the State. When the State has to approach a matter of this kind it has to consider not only the question of pounds, shillings and pence, but also the question of granting relief to a large portion of the travelling public and to a large commercial centre. The developing capacity of the town has already been shown. It is a matter which would naturally weigh with the Government of India and not with a Company carrying on work only for its dividends. It is said that the Railway Company is entitled to a certain proportion of the profits. Now, Sir, the Great Indian Peninsula Railway Company according to the Contract, is only entitled to 1-20th portion of the net profits which remain after paying up all the working expenses, interests and everything and it is only to that that it is entitled. Nineteen-twentieths or 95 out of 100 belongs to the Indian Government and that Government, as representing the public, it is they who are entitled to have the final say in the matter. It is they who ought to decide as they represent the people. It is the Finance Department which must find money for this. Now I do not know that in a matter of this kind, where a demand is supported by local authorities of such great eminence, the Finance Department would not take that into consideration. It is true that that Department would wish to be satisfied in regard to a project which was put before them that it would be a paying one. But when the assurance comes from local authorities that it is bound in the end to be a remunerative one, I do not think that the Finance Department would put its spoke in the wheel.

"There is one other consideration which I would advance before the Council. During the last eight years that Berar has come under the administration of the Central Provinces, it has been held under a permanent tenure by the British Government, and all the revenue goes to the British Government. The average yield of the revenues in Berar has been 145 lakhs a year during this period. Out of that amount, 25 lakhs are paid to the Nizam and 50 lakhs are spent in the Province. About 3 lakhs may be allowed as a fair contribution required for paying towards the expenses of the Central machinery of the Provincial Government and the heads of Departments. There remains an amount of between 70 and 75 lakhs, of which 35 lakhs are received by the Government of India, and at least that amount or probably 37 lakhs are received by the Provincial Government. Now, in these circumstances, when there is a province which is not only self-supporting, but which leaves to the Imperial Government 35 lakhs a year, and which over and above its share of contribution to the up-keep of the Central Provincial authority pays to the Provincial Government—37 lakhs a year—it is undoubtedly a province which deserves some consideration; and I urge before the Council that its needs and requirements have to be taken into heed.

"These are my arguments so far as the taking of the main railway line to Amraoti is concerned.

"I then go next to the question of the Akola-Basim Railway. This project has been urged before the Government ever since the eighties. In reply to the question which I put to the President of the Railway Board 13 months ago, I was told that it stood high in the list of projects. The work on the line, however, has not yet been commenced. Since I gave notice of my Resolution, I was informed by the Hon'ble the President of the Railway Board that the work will be soon undertaken. Well, Sir, if that assurance is given in this Council, the second part of my Resolution can be regarded as accepted. If, in any case there is a disposition to postpone the work, I would bring to the notice of Government that this is a line, the importance of which has been admitted for more than a quarter of a century. It has a traffic which would have brought more than 6 per cent. or 7 per cent. to the Government all these years had a railway been constructed at the time it was asked for. Anybody who travels those 50 miles in the months of November to June would find 1,500 to 2,000 carts travelling along that track. It is one which would have amply repaid any railway company which had constructed a line over it. This is a project which also demands the consideration of Government and the attention of the Railway Board. With these words, Sir, I commend my proposals to the Government."

The Hon'ble Sir T. R. Wynne: "Sir, Badnera is a station between Bhuswal and Nagpur. The main line of the Great Indian Peninsula Railway was aligned so as to pass Badnera, some six miles from Amraoti, because of a range of hills in the vicinity which would have involved considerable expenditure to cross if the line had been taken straight through Amraoti. I have no information on the subject, but I surmise that some 40 years ago the trade of Amraoti was not of very great importance. The construction of the Branch line from Badnera to Amraoti seems to have well served its purpose judging by the Hon'ble Member's account of the present prosperity of the town. There can be no doubt that for goods traffic Amraoti at the present time has nothing to complain of. Goods can be despatched from there straight to Bombay just as well as if the town was on the main line. The whole justification therefore for adopting the Hon'ble Member's proposal rests in spending a large sum of money so that passengers to and from Amraoti might be saved the trouble of changing carriages at Badnera. Now, who is to provide this money, the amount involved being some 20 to 30 lakhs of rupees. Its expenditure is not likely to bring in any increased revenue. The Great Indian Peninsula Railway decline to agree to add to their capital, and I could not recommend that the Government of India should bear the cost, as I feel sure the Finance Department would object. Amraoti was suffering under some disadvantages which the Hon'ble Member explained to me when discussing his scheme. When the line was built as a Provincial line, it was allowed to make certain extra charges, tolls, etc. When the line was absorbed in the Great Indian Peninsula Railway undertaking, this was overlooked and the charge was retained. This has now been put right and the extra charges for the Amraoti Branch have been withdrawn. The Railway Board are also in communication with the Great Indian Peninsula Railway as to running a train between Amraoti and Badnera and back again and on to Bombay. Of course, the Hon'ble Member has pointed out that the Local Government strongly supported this, but from the Local Government's point of view they had no option but to support it; but I think it would be interesting to know what opinion the Local Government would have taken if supporting the proposal had involved expenditure from their own provincial revenues instead of from the revenues of the Government of India; so on the part of the Government of India I oppose this Resolution.

"With regard to the Akola-Basim line, this is a project well to the fore as it is a most important project connecting as it would the metre gauge system of the north of India with that of the south. At the present moment we have a strong survey party working it up, but the line must take its turn in being included in the programme. The Hon'ble Member has advanced many reasons why it should be made at once, but there are many other lines in India regarding which you could advance equally strong reasons. I said, in the answer which I gave last year, that it is a line that is very much to the fore, and so it is. With all these demands for improving open lines, it is impossible to give a date when this line will be taken in hand."

The Hon'ble Mr. Mudholkar: "Sir, I must confess that I am greatly disappointed at the line taken up by the Hon'ble the President of the Railway Board. It is said that the placing of Amraoti on a branch makes no difference to the goods traffic. But I must remind my Hon'ble friend that I did bring to his notice a very fresh instance of such a difference, and that this town, which has a cotton trade of its own constituting one-nineteenth part of the cotton export trade of the whole of India, was unable to get trucks for carrying its cotton to Bombay or Calcutta, and that for weeks and weeks the station-yard was full of the bales. I have also told him that what some of the people did then was to take the bales by bullock carts to Badnera, the station on the main line five miles away; and there they could get trucks. That is the disadvantage of being on a branch line, the existence of which can be seen even now if only one goes there. Then in regard to what I have said about the capabilities of the town and the probability of its commercial expansion, there is no reply forthcoming. It is true that there is the question of cost which it is said would be 35 lakhs or at least 20. Sir, I cannot see why such an amount would be wanted. But there is another reply—you have constructed lines which for years have not yielded any dividend whatsoever; but

which, on the contrary, have been a source of annual loss. Now here is a line which is pronounced by competent authorities to be one which would be a self-supporting and paying one, and still there is want of funds for it.' I must confess, Sir, it looks as though it rather depends upon the clamantoy with which one puts forward his case than on its own inherent strength whether it gets a proper hearing or not. What I say is that as there have been other cases in which there have been expenses incurred on the probability of a return, so also is the present case, which I urge is one deserving of consideration, because the people and the local authorities also say that the expenditure would obtain a return before long, and I would therefore press this proposition on the consideration of the Council."

The Resolution was put and rejected.

REGISTRATION, JAILS, LAW, POLICE, ETC.

The Hon'ble Sir Reginald Craddock: "Sir, in introducing to the Council the heads of the Financial Statement which appertain to my Department, I do not wish to take up their time with any comments in detail. These heads are Registration, Jails, Courts of Law, Police, Medical, and General Administration. Leaving aside the Medical Department for the moment, all those departments represent necessary and important services; but the greater part of their expenditure consists of establishments, and the work they do does not, as a rule, attract much attention as to the details of the expenditure. It is regarded as necessary and the details are not, as a rule, much criticised. There is a Resolution on the agenda regarding the Police and also upon General Administration, and upon both of these, I do not want at this stage to make any remarks.

"As to Medical, the greater portion of the items included under this head belongs to the Department administered by my Hon'ble Colleague in charge of Education; and in connection with that portion we have heard a most comprehensive and able exposition from the Hon'ble Surgeon General Lukis as to the sanitary and research work that is being undertaken by the Government. I need not add anything to those remarks, but I would just refer to the fact that included in the statement* which Surgeon General Lukis put on the table is a reference to the Tropical School of Medicine in Calcutta which it is proposed to establish, and a sum of 5 lakhs has been included in the estimates for capital expenditure on this account. This is a very important departure, and I feel sure that the Council will accept it as most satisfactory. Another item to which I would like to refer is the grant of 1½ lakhs in aid of the Dufferin Fund, which is included in the estimates subject to the sanction of the Secretary of State; and I am sure that the Council will agree that the inclusion of a sum of this kind in aid of the great charity which was instituted by the Countess of Dufferin for bringing medical relief more within the reach of the women of India, is aid which commends itself to the Council, and meets with their approval."

CHARGES FOR SECRETARIATS.

The Hon'ble Mr. Subba Rao: "I beg to move, Sir, 'that this Council recommends to the Governor General in Council that the sum of rupees thirty-three lakhs and seven thousand under the head No. 18 (1) (iv) (Charges for the Secretariats) be reduced by 5 lakhs.'

"It will be seen that under the head of general administration, the charges of the Government of India come up to quite as much as the charges of all the Provincial Governments put together, that is, to more than a crore of rupees. Of these, there are two large items. One is the Secretariats costing about 33 lakhs, and the other is offices of Accounts and Audit, nearly 38 lakhs.

"This Resolution deals with the former. I wish to inquire from the Hon'ble the Home Member whether any attempt is made to

* *Vide* Appendix No 2.

review the expenditure under this head. I submit that retrenchment is necessary, especially as there is an extra expenditure of 5 lakhs provided towards the cost of the new Delhi administration. We are told on high authority that the administration of India is the costliest in the world. We shall be gratified, Sir, if the cost of administering the new Capital does not entail an extra burden on the country. This can only be done by curtailing expenditure under other heads. It appears to me that there is room for effecting savings in this direction. It is curious that the Public Service Commission did not touch the Government of India Secretariats. The number of charges under the Government of India reserved to the members of the Indian Civil Service increased from 55 in 1892 to 85 in 1910. Yet there is not a single Indian employed in any of these offices. The Hon'ble the Finance Member announced last year that he had recently selected an Indian to the post of an Assistant Secretary under him, and he pointed out that it was the first time when an Indian held such an appointment. The Statutes on the subject do not debar Indians from holding appointments in the Secretariats. On the other hand, express power is given under the Statute of 1870 to the Government to appoint Indians, if they choose, to the Secretariats. The fact that the question of abolishing the Provincial Service as constituted at present and holding simultaneous examinations in India and England is under correspondence with the Secretary of State need not stand in the way of appointing Indians to the Secretariats.

"I submit, Sir, that the present exclusion should not be permitted to continue any longer. It is a slur on the large fund of statesmanship and ability available in the country. It is a slur also on the British Government that it cannot utilize this material in making the administration economical and popular. I take the liberty of commending to the Council the weighty words that fell from you, Sir, at the meeting of the Council held on the 25th January 1910. You said :—

'As a Finance Minister, it is permissible for me to say that, from the economic standpoint, it seems to be for consideration whether we might not make greater use than at present of the undoubted abilities of the educated Indian.'

"I submit that strenuous efforts should be made to reduce expenditure under this head, so that the cost for the new Delhi administration might be met, if possible, out of the savings.

"With these words, Sir, I commend the Resolution to the Council."

Sir Reginald Craddock : "Sir, I felt rather under a disadvantage in connection with this Resolution, as I was not able even to surmise what points exactly the Hon'ble Member would take. I did not suppose that it was possible that he was so hard-hearted as to suggest that we should turn adrift large numbers of our clerks, and therefore I was anxious to hear in what direction he could suggest economies of the kind indicated. Well, as a matter of fact (I do not know whether I am trespassing on the domain of the Finance Department, if I am, I will admit that I would rather that they undertook the defence) as far as I am able to find from the figures available to me at this moment; the cost of the Imperial Secretariat has shown no increase during the last few years, if we exclude from it the additional expenditure which was required last year in connection with the arrangements for the Delhi Durbar. The actuals for the year 1908-09 were Rs34,64,000, and the budget figures for the year 1912-13 are Rs33,07,000. Last year a promise was made that Departments; would be overhauled with a view to seeing whether any reductions were possible; but in the Secretariat branch of the expenditure it was not found possible to make any material reductions. The Hon'ble Member has suggested that it would be possible to make an economy by the larger employment of Indians in Secretariat appointments. The larger employment of Indians in Secretariat appointments is a totally different question upon which I cannot very well enter at present for the reasons which the Hon'ble Member has himself indicated; but if he puts this forward as a means of securing the economy of 5 lakhs which his motion contemplates, I can only say that no such economy or anything like it can be obtained by the method that he suggests. At present the Secretariat appointments are in a great part

limited to the Indian Civil Service by Statute, and if Indians belonging to the Indian Civil Service are appointed in Secretariat posts, there will be no saving at all. If officers of the Provincial Service should be appointed by making the appointments under the present system—listed appointments—even then the savings would be so small that they would be utterly insignificant by the side of the sum mentioned by the Hon'ble Member. There have been instances—one was quoted by the Hon'ble Member, and no doubt if I had more time, I could have found others—in which Indians have held Secretariat appointments; and in the Bengal Secretariat, there has recently been a small experiment in that direction, of attaching two members of the Provincial Service as Attachés to the Secretariat so that they may be able to learn the work. This constitutes therefore an experiment as to the possibility of employing such officers in such posts. Beyond that, of course, I am unable to say anything on the particular method that the Hon'ble Member suggests, by which economy may be obtained; but on behalf of the Government, I am obliged to oppose this measure, because it seems to me that the Hon'ble Mover has not in any way indicated how this very large economy which he suggests can be secured. On behalf of the Government, therefore, I oppose the Resolution."

The Hon'ble Mr. Subba Rao: "Sir, I quite admit that the figure under this head as stated by the Hon'ble the Home Member has remained substantially the same during the last few years. The figure for 1909-10 is Rs33,17,000 and the budget figure Rs33,07,000, nearly the same. The Hon'ble the Home Member says that if we employ Indians who have passed the Indian Civil Service Examination, there will be no savings at all. That is true. He says also that if members of the Provincial Service were appointed, the savings effected would be inconsiderable. He further says that there are Statutes that limit the appointments to those who pass the examination in England. I have pointed out that the Statute of 1870 expressly enables the Government to appoint Indians to any of the posts that are reserved to members of the Indian Civil Service. Therefore, there are ample powers given to the Government to appoint Indians, if they choose, to such places. As regards the savings by appointing Indians to such posts under the Statute of 1870, it is plain, from the correspondence on the subject, that the saving would be at least one-third of the amount paid to the members of the Indian Civil Service; so that if three lakhs is spent at present, there will be a distinct saving of one lakh out of those three lakhs. As far as I can see, no attempt is made to examine the question from this standpoint. The question has been examined simply whether the number of persons employed in the department could be reduced, and not whether the expenditure could be reduced by employing more Indians in the place of those who are now doing duty. I should have been satisfied, Sir, if the Hon'ble Home Member had promised that he would examine the question from this aspect and a real beginning made in the direction of appointing Indians to reserved places in the Secretariats. I submit, Sir, the question ought to be examined from this standpoint. It is an important question which affects the dignity and status of Indians and the well-being and the popularity of the British Government in this country, and I therefore press this Resolution on this Council."

The Resolution was put and rejected.

POST OFFICE ACCOUNTS AND AUDIT.

The Hon'ble Mr. Subba Rao: "Sir, the next Resolution that I have the honour to place before the Council is:

'That this Council recommends to the Governor General in Council that the sum of rupees thirty-eight lakhs and sixty-one thousand under the head of Office of Accounts and Audit be increased by rupees twenty-five thousand.'

"The Hon'ble the Home Member with regard to the last Resolution said that he did not understand what points I intended to raise by it. If the Hon'ble Member cared to inquire of me, I should have been very happy to place before him the necessary information.

"With regard to this Resolution, Sir, though the terms of the Resolution are wide, I have put it in this form to call attention only to one item under this head, and that is the savings proposed to be effected by dispensing with the services of clerks connected with the Post Office Savings Bank Audit. I have intimated this to the Hon'ble Sir James Meston, our able and good Finance Secretary. With his usual courtesy he has furnished me at my request with a statement on this subject. From this it appears that a saving of Rs. 89,280 is proposed to be effected by dispensing with the services of 196 clerks drawing an average pay of Rs. 38 a month. The pay of these clerks, according to this statement, ranges from Rs. 15 to Rs. 100 a month. As some improvements have been effected regarding the Savings Bank Audit, the services of these men have been found unnecessary, and so notice was given to them that their services would be dispensed with from July next. So far, Sir, no indication has been given as to the future of these men, whether they would be treated on the same footing as those in other departments where retrenchment is found necessary. A good number of these men are young men who have passed the general and special examinations qualifying for the department. It is rather hard for them, after putting in some years of good service under the Government, to turn now to new fields and start life afresh. I may mention further that they belong to the general list of the department and do any branch of work that may be assigned to them. It is by mere accident, Sir, that they now happen to be doing work in the Savings Bank Audit. It is hard, therefore, that the blow should fall on them alone without regard to the length of their service or the good work done by them.

"The Hon'ble the Finance Minister has well outlined in his speech the other day the policy of the Government in dealing with the Opium Department employes, whose services are not needed on account of retrenchment necessitated in that department. He said:

"What we are doing is, first, to get rid of the least efficient of the Opium employes on such pensions or gratuities as the rules permit; second, to transfer to other departments all who are fit for a new class of employment; and third, to encourage the retirement of the senior men by offering full pension to all those who are within five years of completing their qualifying service. On these lines we are dealing with every rank from the highest paid departmental officer down to the humble peon, and we hope to prevent any genuine hardship."

"I thank the Hon'ble the Finance Minister for outlining this broad and liberal policy. Similarly is the policy laid down by the Government of India in reorganizing the Telegraph Department where retrenchment is proposed to be carried out by gradually absorbing those whose services are found unnecessary, and not by turning them adrift by notice to quit. I am sure the Hon'ble the Finance Minister will deal with these 196 clerks in the Postal Savings Bank Audit with the same generosity as he is dealing with the employes in the Opium Department, and as the Government has resolved to treat the employes in the Telegraph Department."

The Hon'ble Sir Guy Fleetwood Wilson: "Sir, the first idea that occurred to me on reading this Resolution was that the Hon'ble Mover had been induced merely by a general and very natural sympathy with the subordinate staff to endeavour to mitigate the hardships involved in a reduction of establishment. It has since struck me, however, that the Resolution may have had a more specific suggestion—a suggestion in which it would be possible for me to trace an indirect compliment to myself. On the 8th of March a year ago, it will be remembered that the Hon'ble Member moved a Resolution to the effect that the expenditure under the head of offices of Account and Audit be reduced by two lakhs. He referred to the amalgamation of the Civil and Public Works Accounts, which he thought should result in substantial savings; and in connection with the creation of a grade of Chief Accountants who ranked

as gazetted officers he said: 'The question was whether the number of officers could not be reduced.' He did not then make any conditions as to the manner in which reductions should be carried out, and it fell to me, while expressing my desire to effect economies wherever possible, to enter a caution that it is necessary, in these cases, to deal tenderly with vested interests. It seems—and this is what I meant by the Resolution being an indirect compliment to myself—that the Hon'ble Member has borne in mind what I said; for no sooner had I effected a substantial economy in my department—an economy in accord with his previous Resolution—then he turns round and asks me, 'What about the staff?' I cannot object to the Hon'ble Member taking up the line I took myself last year, but I think I am entitled to raise some objections to the precise manner in which he has done so. The Hon'ble Member might, I think, have asked himself whether it was likely that I should disregard considerations on which I had myself laid some stress, and if he was uncertain, it would have been a very easy matter for him to ask me how the matter stood. I should have preferred him to take that course, and in moving a Resolution without ascertaining the facts of the case by means of a question or from the head of the department, I think he has departed a little from the consideration which he usually shows me.

"To enable the Council to come to a decision on this Resolution, it is necessary for me to explain briefly the general position. What we have found is that hitherto two sets of ledgers have been maintained for the private accounts of depositors in our Savings Banks. The Post Office maintains one set itself. That is only right and proper. It is no more than any bank would do. But secondly, and for the purposes of audit, another set has been maintained in the Accounts Office. We propose to substitute for this second-hand method, involving obviously a great deal of duplication and clerical work, a direct method of audit applied to the original books. By this simple change we save in the gross over a lakh of rupees. We shall require some inspecting staff, and the Post Office will have to employ a few more clerks, but even the net saving will probably be half a lakh. But the Hon'ble Member is concerned with the effect of these changes on the subordinate staff. I will tell him what we are doing. The men who cannot otherwise be provided for will of course get their compensation pensions or gratuities. That is all they are entitled to under the ordinary rules. But I have been making the best arrangements possible to retain them in the service. Some will go over to the Post Office. For others some posts will, I hope, be found in consequence of a redistribution of work between some of the Postal Accounts Offices which has to be made very shortly. Recruitment again has been stopped in all the Postal Accounts Offices since January, and this has been done with the object of giving the places to qualified men in the Savings Banks sections. A fair number also having earned their pension have intimated their willingness to retire.

"The Hon'ble Member will not expect me to give him exact figures at this stage, for the change will not take effect till July, and the details have not yet been fully worked out. I give him my assurance that no hardship will be caused which can be obviated, but I cannot go further than that. The real requirements which face us in half a dozen different directions are against extravagance. The interests of the tax-payer are against extravagance, and I cannot consent to the retention of unnecessary establishments or to delay in the introduction of reforms which, as in the present case, are clearly desirable."

The Hon'ble Mr. Subba Rao: "Sir, I am much obliged to the Hon'ble the Finance Member for the assurance he has given that in dealing with these clerks no hardship will be caused that can be avoided. He rather found fault with me for not having consulted him in the matter. I may assure the Hon'ble Member that I never intended to show him any disrespect. He will remember that last year I consulted him, but this year I thought it would be better that I should not intrude on his attention, as he was not in the best of health; but I was in communication with the Hon'ble Sir James Meston, and I had a talk with him on the subject, and he promised to look into it. But as the question was of some public importance, and as I knew that the Finance Department would deal

with these people generously and justly, I considered that a statement made by the Hon'ble the Finance Member in the Council would be valuable not only to the few individuals concerned, but also to the large number of Government servants who might any day find themselves in a similar predicament. I therefore thought it worth while to come to the Council with a Resolution on the subject. I hope the Hon'ble Member will take it from me that it was not out of any want of respect or regard for him that I did not consult him in this matter, but because I was in full communication with the Hon'ble Sir James Meston, who has been thoroughly sympathetic on the subject, and because I knew that the question, if brought forward, would elicit a public pronouncement for the guidance of all public servants. With these words I take the liberty of withdrawing the Resolution."

The Resolution was withdrawn.

POLICE.

The Hon'ble Mr. Gokhale: "Sir, I beg to move that this Council recommends to the Governor General in Council that the allotment to Police (India General) for next year be reduced by one lakh of rupees.

"On a reference to page 61 of the explanatory memorandum, the Council will see that the Imperial portion of police charges is shown there under three heads. One is India General, the second is Baluchistan and the third is North-West Frontier. Now, taking the budget and the revised figures for the current year, it will be seen that while the charges for Baluchistan and North-West Frontier have gone down, the revised figures being lower than the budget figures, the figure for India General has increased considerably. The explanatory paragraph appended to this head explains how the decreases against Baluchistan and North-West Frontier are only nominal; and as I do not raise any question about those entries, I will say nothing more about them. The entry against India General, on the other hand, shows an increase of Rs. 36,000 in the revised estimate over the budget estimate, but there is not a word of explanation in the explanatory paragraph about that increase. Now, Sir, my first query is, why is there no explanation given, and what is the explanation of the increase? Next, if the Council will look at the figures under this head for the last three years, namely, the accounts for 1910-11, the revised figures for 1911-12 and the budget figures for next year, it will be seen that there is a continuous increase in the charges. In the accounts of 1910-11, the charges were Rs. 8,45,000. Last year the budget estimate of the current year was taken at Rs. 8,96,000, whereas the revised figure now laid before us stands at Rs. 9,32,000; while in the budget for next year the sum that is entered is Rs. 9,37,000. Thus the sum budgetted for for next year is much larger than the actual for 1910-11. It is also much larger than that which was budgetted for last year, and is even slightly higher than the revised estimate for the current year. I should like to know why this item is showing an increase when the general policy of Government in regard to such charges is now one of retrenchment. Then, Sir, I find from a return which was laid the other day on the table in reply to a question which I put about retrenchment that in the expenditure which the Home Department controls there is an item of 2.83 lakhs on account of the Central Criminal Investigation Department. That is on the authority of the Hon'ble Mr. Wheeler, Acting Home Secretary, and the amount is given for the year 1910-1911. Now, if we turn to the actuals for 1910-1911, as given in this yellow book—the Finance and Revenue Accounts which is published annually—I find that the cost of the Central Criminal Investigation Department of the Government of India for 1910-1911 was 3.05 lakhs, and not 2.83 lakhs as shown in the return. I should like to have an explanation of this discrepancy; evidently something is left out in the return, or something is included in this yellow book which I cannot make out. I want, therefore, to know whether the Criminal Investigation Department charges of the Government of India are really 2.83 lakhs or 3.05 lakhs. Lastly, Sir,—and that is the principal point for which I have raised this discussion to-day,—I want to know

how much of this sum represents the cost of the Government of India Criminal Investigation Department in Provinces which have got Criminal Investigation Departments of their own. I speak necessarily at a disadvantage in this matter, because outside the department the general public knows very little as to the constitution of the Criminal Investigation Department. But it is a matter of common knowledge that the Government of India Criminal Investigation Department maintains officers and men of its own—a small number—in the different Provinces, which have got their own Criminal Investigation Departments. And I should like to know how the spheres of work of the two are differentiated. Of course, so far as the territories directly under the Government of India are concerned, they would be for the Government of India Criminal Investigation Department. So also in regard to the Native States, which are in direct relations with the Government of India. Finally, the expenditure that is incurred in watching men in foreign countries would also come under the Government of India expenditure. So much I think is clear; but in addition to this, I have heard on good authority that the Government of India Criminal Investigation Department maintains a few officers and men of its own, and does espionage work on its own account, even in Provinces which have got their own full-fledged Criminal Investigation Departments, and I want to know why this is done. I find, Sir, that this has been a matter for repeated complaint on the part of several Local Governments, and the Decentralization Commission in its Report notes this complaint. This is what the Commission says:

'The Lieutenant-Governor of the United Provinces complained of encroachment on the Provincial sphere of administration by the Director of Criminal Intelligence, and we have received similar complaints in other Provinces as to what was regarded as the undesirable activity of this officer.'

"This year also, I gather from the newspapers that the Lieutenant-Governor of the United Provinces has complained in his Administration Report of constant friction between the Government of India Criminal Investigation Department and the Provincial Criminal Investigation Department. I should therefore like to know if such a duplication of machinery for espionage exists in the Provinces which have got their own Criminal Investigation Departments, and, if so, why the work is not altogether left to the Provincial Criminal Investigation Departments. Of course, as I have admitted, I speak more or less in the dark on this subject, because the outside public knows very little about this Department. The only thing that people are sure about is, that many of these Criminal Investigation Department men are a great nuisance to innocent people, and that they do their work not only without judgment, but often without a regard to appearances or decency. I therefore strongly urge that, if the Government of India maintain a Criminal Investigation Department of its own in the different Provinces, this duplication should be abolished, and whatever saving results from it should be effected."

The Hon'ble Sir Reginald Craddock: "Sir, the Hon'ble Mr. Gokhale in moving this Resolution has adopted the attitude of not desiring to criticise us unduly, but to obtain information on certain points on which he is not at present sufficiently informed to enable him to judge of the expenditure which is found in our Financial Statement. Now, in the first place, against 'India-General,' he has differentiated very rightly the expenditure which is definitely allotted to 'India-General' from the expenditure in Baluchistan and the North-West Frontier Province, but, as a matter of fact, out of the expenditure shown in 'India-General', all but a little over three lakhs relates to police expenditure in Coorg, and in certain minor administrations under the Foreign Department, and to Railway police on lines which run through Native States and have not been given to adjacent Provincial Governments to supervise. These items represent the normal expenditure on police in the country, and any increase that has taken place only in recent years has merely been in pursuance of the general policy of reform which we discussed little more than a week ago in this Council. So that, practically, the real item on which the Hon'ble Member desires to lay most stress is that item amounting to three lakhs and a little over, which represents the expenditure of the Criminal Investigation Department of the Central Government."

The Hon'ble Mr. Gokhale : " May I interrupt th Hon'ble Member ? If the increase in the revised estimates over the budget estimates is in connexion with measures of police reform, why was not the necessary provision made in the budget estimates for the measures that were to be carried out ? "

The Hon'ble Sir Reginald Craddock : " I was not referring to the increases in the revised over the budget, but I was referring, generally speaking, to the fact that increases have taken place of late years with regard to the reforms. With regard to the increase of the revised over the budget, additional expenditure was incurred, and the Hon'ble Member will, I am sure, recognise that that additional expenditure was quite properly incurred in connexion with the Royal visit, and this accounts for the increase of the revised under that head.

" Coming now, Sir, to the question of the three lakhs spent on the Imperial Criminal Investigation Department, the increase has not been so very large if we go back a few years. Nearly ten years ago, the expenditure on the old Thagi and Dacoiti Department averaged about two lakhs or a little over, and the increase that has taken place since then may be fully accounted for by the general development of communications by railways, telegraphs, roads and everything else which develops the energies of the criminal classes as well as of the other classes of the community. There was a time not long ago when we found people—we cannot find them now—who respected the boundaries of Administrations and States, and I recollect hearing of a case in which some dacoits, having unwittingly strayed over the boundary and having robbed some wayfarers, who were coming back to their homes, suddenly came upon the boundary marks, which showed that they had been carrying on their depredations inside British territory. Hurrying after the people they had robbed, with many apologies they handed back the goods they had taken from them and went away. Well, Sir, I must confess that conscientious dacoits of this kind are no longer to be found. We have got to recognise the unfortunate fact that criminals refuse to be restricted by the boundaries of Provinces or by the boundaries of States. You can rightly understand that, when things were much simpler and communication much less easy, each Local Government used to manage its own police, who were mainly concerned with their internal affairs, and it was only to a limited extent that they had to pursue criminals over the border. But, now, with the railways and telegraphs, it is absolutely necessary that there should be an organisation which can cope with crime that ramifies over the whole of the country ; and the Police Commission, although they were not absolutely the originators of the system (for it had existed before), emphasised their recommendation on that point, and said that they were convinced of the necessity, on the part of the Government of India, to have a much more intimate knowledge of what was going on in every Province, and on the part of every Province to have a much more intimate knowledge of what was going on elsewhere, than at that time existed. In pursuance of this policy, it has been found necessary to employ officers attached to the Central Government whose duties may take them far afield and may keep them in various places at various times. But if we are to deal with cases of organized criminals, such as coiners, note-forgers, dealers in arms, and many others, not to mention the ordinary dacoits whose depredations extend over several Provinces, if we are to keep a hold on these people, and if Hon'ble Members wish to sleep quietly in their beds, we must have a central organisation of this kind. It is impossible of course that I should explain to the Council all details of the distribution of such an organisation—it would be quite impossible—for the whole essence of their success lies in the fact that their operations are not public. But I should like to emphasise the point that though political unrest and the political activities of late years have brought that aspect of their duties more prominently before the public, they must not forget the even more important duties that they perform in connexion with the organisation of crimes and criminals, who are becoming cleverer every day. These should not be lost sight of, and I feel sure that the Council will agree with me, now that I have explained this matter, that the sum of three

lakhs of rupees for a country of the size of India is really a very small sum to pay for an establishment which is so urgently required for dealing with serious crimes of this kind."

The Hon'ble Mr. Gokhale : " Sir, I would like to say just a word, and that is, that the Hon'ble Member has not told us why it is necessary to maintain a duplication of machinery for purposes of espionage in the Provinces which have their own Criminal Investigation Department for the work. He has also not told us what the Government of India has to say as regards the complaints which the Provincial Governments had been making on this subject. I quoted from the Decentralization Commission's Report an extract showing that the Lieutenant-Governor of the United Provinces complained even before the Commission that there was serious interference with the work of the Provincial Criminal Investigation Department by the Government of India Criminal Investigation Department; and this year again that Government has repeated that complaint. That being so, I think some explanation is necessary as to why such a system, which is complained of by Local Governments, should be maintained. However, as the Hon'ble Member the other day promised an inquiry into the whole question of the Criminal Investigation Department, I do not wish for the present to press my Resolution."

Accordingly the Resolution was withdrawn with the permission of the President.

The Council adjourned to Wednesday, the 13th March 1912.

W. H. VINCENT,
*Secretary to the Government of India,
Legislative Department.*

CALCUTTA;
The 15th March 1912. }

For pages 391—404 of Part VI of the *Gazette of India*, dated 16th March 1912, please substitute the attached pages 391—404.

"In 1900, the gross receipts from Railways were 28 crores only. For the year 1911-12 they will be close on 50 crores—nearly double. Intermediately, however, there have been heavy variations.

In 1906-07, the figures were 40 crores

" 1907-08, " 42 "

" 1908-09, " 40 "

the following years being 43 to 46, and this year about 50 crores.

"Now for the six years, April 1907 to April 1913, a sum of 88 crores was allotted for Railway expenditure under the Programme, of this sum, 65½ crores were allotted to open lines and rolling stock, the amount earmarked for the latter being 30 crores, and the balance being for works such as doubling lines, strengthening bridges and permanent-way, so as to enable more and heavier trains to be run and generally to improve the carrying capacity of Railways.

"The provision of an average expenditure during the last six years of 6 crores per annum for works to facilitate traffic, and of 5 crores per annum for rolling stock to meet the growth of trade is, I hold, a very fair provision to make out of the funds available, and it must be recollected that considerable sums are also spent on Revenue account, both for works and rolling stock, with the same object.

"The difficulties now being experienced are due primarily to the unprecedented, and I think I may say unexpected, development of trade at the present time which has outstripped the capacity of the Railways and, incidentally, to other causes, and is only partly due to shortness of rolling stock.

"The reason why Railways are unable to carry the present abnormal traffic is because terminal facilities at Ports are inadequate, because single lines are now being taxed beyond their capacity, because a big fodder famine traffic has to be dealt with at the same time as a big export business, because Railways being short of coal owing to the unprecedented traffic which they now have to deal with are employing a large number of wagons on this traffic, because there has been a large rise in steamer freights for coal, thus diverting its carriage to Railways, and also to difficulties, I understand, about water for locomotives in the famine area where water is scarce.

"When congestion occurs all siding accommodation becomes fully occupied and trains have to be hung up *en route* and loaded wagons kept at stations, and the only course then to take is, to stop booking from up-country and so to restrict the amount which the Railway leading to the port will take from inland Railways for that destination.

"This is what is happening to-day. Loaded wagons are waiting at junctions, till the receiving Railway is able to take them, and inland Railways, like the Oudh and Rohilkhand Railway, are restricted to despatching 50 tons a day towards Bombay or, as happened last week, are absolutely debarred from despatching a single ton. This restriction on the Oudh and Rohilkhand Railway again reacts on the Bengal and North-Western Railway and obliges that line to restrict its bookings.

"The practical result is to lock up wagons and to prevent their being used to the best advantage and, to meet such traffic as is now offering, improved facilities to increase the number of trains and their weight, are of as much importance as additional wagons.

"Now as to what is being done to provide for the possibility of this abnormal traffic continuing next year or, at any rate, during a good portion of it, I may say that in Bombay the Port Trust have been busy the last three or more years in reclaiming land and arranging for the construction of very large warehouses and depôts, which will give to the port the additional terminal facilities which it so much requires.

"Further the Railway Board last year sanctioned the quadrupling of the Great Indian Peninsula-line from Kalyan to Bombay, a very congested section, and the doubling of the line from Nagpur to Shegaon, and work is in progress. With these works completed, the Great Indian Peninsula will be in an immensely better position than it now is, to deal with abnormally heavy traffic like the present, and this again will enable the Oudh and Rohilkhand Railway and the Bengal and North-Western Railway to deal with their business, without being subject to the restricted booking from their lines that has to be enforced at present.

"The Port Trust in Calcutta no doubt are moving in the direction of increased terminal accommodation, to avoid the recurrence of the unfortunate stoppage of bookings to Howrah and the Docks which happened last year owing to the Dock godown being full of Java sugar, and the East Indian Railway are shortly putting forward proposals, costing some 35 lakhs, for the purpose of accelerating the handling of their coal traffic.

"Taking now the difficulties in the coal trade, I would explain that there are three exceptional factors at work, one being that Railways themselves are very short of coal, owing to the increased traffic they have to carry, the second being the rise in steamer freights which is causing more coal to be sent by Railways instead of by sea, and, thirdly, the increased demand by the public up-country for coal which seems to be growing rapidly.

"Railways must be kept working and have, therefore, the first claim on wagons for coal. It would be disastrous to the trade of the country if Railways not having collieries on their lines, had to cease working in order to enable the Bengal lines to provide wagons for general produce in full. This Railway coal traffic is absorbing more wagons than usual and is the cause of a diminished supply for the public.

"The second and third factors create a shortage of wagons owing to the long distance to which coal is now carried by rail. It is obvious that such longer journeys lock up a loaded wagon for a great many days and reduce its carrying capacity in any fixed time, to a lesser tonnage than would be the case if it had been employed on the shorter run to Calcutta.

"While I hold, therefore, that the situation is exceptional and that no immediate remedy is possible, it would be wise to take some immediate steps in light of the experience of the present time, to provide for the present pressure of traffic continuing during next year.

"In next year's programme a sum of 950 lakhs has been allotted for open line works and rolling stock, of which a sum of 475 lakhs has been set aside for the latter. This will provide—

182 locomotives,
6,100 goods wagons,

besides coaching stock.

"The completion of works now in progress, to enable better use to be made of the existing rolling stock and the pushing on rapidly of further facilities for dealing with traffic, justify an increase in the amount of rolling stock to be ordered next year, and for which provision has been made in the programme.

"Arrangements are, therefore, in progress for the supply of 2,500 broad gauge wagons and 1,000 metre gauge wagons, in addition to the stock which I have referred to as being provided for in the programme.

"I feel confident that Railways are doing their best under very difficult conditions, the enormous growth in railway receipts each week being clear evidence of this. To confirm this, as soon as I can get away from Council, I propose to go to Bombay to consult with the Railways there. In addition both Members of the Railway Board have proceeded to the North-West with the same object.

"I think I have said enough to show that Government and the Railway Board have not been asleep, that they are fully alive to the present difficulties, that they have foreseen a great growth of Indian trade and have taken steps, within the financial limits imposed, to be ready for it, but that the unprecedentedly heavy trade of the present year and the other contingencies, which I have indicated, have exceeded all possible expectations."

The Hon'ble Mr. Mudholkar: "Sir, I beg to move the Resolution that this Council recommends to the Governor-General in Council (1) that the grant for railways be increased by twenty lakhs of rupees for taking the main line of the Shegam-Nagpur section of the Great Indian Peninsula Railway through Amraoti, and (2) that out of the total amount allotted for railway construction, fifty lakhs of rupees be earmarked for being applied towards the construction of the Akola-Basim Railway during the year 1912-1913.

"Sir, I have listened with great interest to the explanation of the programme of Railway work in the coming year given by Sir T. Wynne, and I acknowledge all the efforts which are being made by the Railway Board for

facilitating Railway transport. Among the other things which he mentioned was the case of doubling the line between Sheegam and Nagpur. In regard to that, there arises an important matter—a matter, which though one might say, it belongs to a particular locality has also got considerable importance both to the Province wherein the locality is situated and to the country generally. I refer, Sir, to the case of Amraoti.

“Amraoti is the head-quarters of Berar, which, though it has ceased since 1903 to be a separate Province, is among the most important and advanced territories under the administration of the Chief Commissioner of the Central Provinces. The resident population is not very large, being only about 41,000 for the town and Civil station, but the town possesses the largest cotton market of a tract which occupies the foremost place among the cotton producing areas of India. There are 18 cotton ginning and 15 cotton pressing factories and two oil extraction mills. The arrivals of cotton in the local market were last year 170,000 carts, weighing 132,000 bales of 400 lbs. each, and constituting about 1-19th of the cotton exports of the whole of India. Its general trade and commercial activity are of no small magnitude. One thousand passengers are daily booked outward, and the number of arrivals is about the same. The goods brought by railway come up in weight to about a million and a quarter maunds a year, while goods booked outward are slightly less. Seven trains have to be run daily each way between Amraoti and Badnera; and even this number does not meet all the wants of the public and afford them the convenience they desire. Between Bombay and Nagpur—a distance of 520 miles—the goods traffic of Amraoti has during the last quarter of a century, always occupied either the first or the second place after Bombay. Its position as a town of great commercial activity and an important trade centre can be traced back several generations. It has always been a matter of wonder and regret to the people of the District that, when the railway was first constructed 47 years ago, the main line was not taken through this town. The mistake of leaving it out of direct railway communication was discovered soon after, and in 1870 a branch line was constructed by the State. That line, however, could serve only as a temporary makeshift, and in the interests of the general public, of commerce and industry and of the State, the time has now come for revising the action taken 50 years ago and rectifying the serious mistake then committed.

“The existing arrangements involve great loss of time extending over forty minutes to three hours, inconvenience and even positive trouble to the travelling public, as also, pecuniary burden. The goods traffic has also to bear imposts and disabilities productive of heavier charges on the one hand and delay in transport on the other. There is a special toll levied on goods on the Amraoti line over and above the ordinary freight. The amount of this impost comes in the aggregate in a year to Rs. 36,000. The Amraoti traffic has, during the first thirty years after the opening of the line, yielded a net profit of 8·82 per cent. on the capital outlay of 4·5 lacs when many of the other lines were a source of loss to the State. During the last ten years, the net profit has, it is estimated, been above 12 per cent. After giving 3½ per cent. of net profits, the line has repaid the original outlay two and a half times over. The town and its passenger and goods traffic have thus a just claim upon the kind consideration and generosity of Government.

“Judging by the extraordinary progress which has taken place at other stations in Berar, situated on the main line, the expansion of the trade of Amraoti and the development of its industries have been prejudicially affected by its not being on the main line. The proper development of the fertile and progressive portion of Berar to the West, North and North-East of this town loudly demands the execution of the Amraoti-Ellichpur and Amraoti-Morsi-Sonnair projects. A distributing centre and the largest market for the towns and villages of North-East Berar, the projected light railway to Ellichpur and the Amraoti-Sonnair line will radiate from it and it will become a junction station within a short time. In a reply which the Hon'ble Sir T. Wynne gave to a question which I put in January 1911, he said that we had to bear in mind that the interests of Badnera would be affected by the proposals which were contained in my question.

“Now Sir, as regards Badnera, the passenger traffic of that place is 1/10th of that of Amraoti, and the goods traffic probably less than 1/10th. I submit that it would be unfair and highly prejudicial not only to an important town

like Amraoti, but to several other places of no mean agricultural, industrial and commercial position to permit the insignificant traffic of Badnera to come in the way of an alignment beneficial alike to a large section of the public and to the State. What local traffic there exists at Badnera can, it is submitted, be more than adequately met by maintaining the existing branch line and running a train each way daily. It is doubtful if even the expenses of one train can be met by this traffic. But it is not necessary for granting relief to Amraoti to do any injustice to Badnera, if it is thought that the removal of that place from the main line would be a real hardship. I have explained in the interviews which Sir T. Wynne and the Members of the Railway Board have been kind enough to grant me that this can be done, and the only result of doing justice to Amraoti while keeping Badnera on the main line would be an addition of a few miles to the length of the line, the length varying from 5 to 8 miles according as one place or another is adopted which after all is not a very serious thing.

"The question which remains is the cost of this construction. About the cost, estimates vary greatly, and it is a matter in which the President of the Railway Board is a far greater authority than I can pretend to be.

"Assuming the calculation which was made by the Railway Board that it would involve an increase in expenditure of something like 20 lakhs, I would say that the expenditure of 20 lakhs would be more than amply repaid soon. What we have got to see is that there is a town of very great capacity—a town which has already a great passenger traffic of two thousand passengers daily, and a goods traffic next in importance to that of Bombay the hardship of which has to be taken into consideration; and, even if, for the time being, there is no sufficient return, it is an expenditure worth incurring.

"Sir, in this matter, my town has made a representation to the Government of India, and I was given, as I have already said, the advantage of a discussion with the Members of the Railway Board. I then pointed out to them that the request of the town was supported by the Commissioner of Berar and by the Head of the Local Government who is now in this Council, and both are authorities who possess intimate local knowledge, and their opinion was certainly deserving of consideration and will be given the weight that it is entitled to. They would not have supported the request of Amraoti, if there was anything wrong in the statements of fact on which that request was based. When persons holding their authority support a prayer, I think Sir, it is a matter which the Government should take into serious consideration.

"I was told, Sir, that the Railway Company objected to find 20 lakhs which they considered were required. Well I must confess I do not see where the Railway Company comes in here at all. The Amraoti line was constructed out of Berar funds, and now that Berar is handed over permanently to the Government of India, it belongs to that Government. As a matter of fact, the whole line, worked by the Great Indian Peninsula Railway, belongs to the State, and it is the Government which has to consider whether 20 lakhs are to be spent or are not to be spent by the State. When the State has to approach a matter of this kind it has to consider not only the question of pounds, shillings and pence, but also the question of granting relief to a large portion of the travelling public and to a large commercial centre. The developing capacity of the town has already been shown. It is a matter which would naturally weigh with the Government of India and not with a Company carrying on work only for its dividends. It is said that the Railway Company is entitled to a certain proportion of the profits. Now, Sir, the Great Indian Peninsula Railway Company according to the Contract, is only entitled to 1-20th portion of the net profits which remain after paying up all the working expenses, interests and everything and it is only to that that it is entitled. Nineteen-twentieths or 95 out of 100 belongs to the Indian Government and that Government, as representing the public, it is they who are entitled to have the final say in the matter. It is they who ought to decide as they represent the people. It is the Finance Department which must find money for this. Now I do not know that in a matter of this kind, where a demand is supported by local authorities of such great eminence, the Finance Department would not take that into consideration. It is true that that Department would wish to be satisfied in regard to a project which was put before them that it would be a paying one. But when the assurance comes from local authorities that it is bound in the end to be a remunerative one, I do not think that the Finance Department would put its spoke in the wheel.

"There is one other consideration which I would advance before the Council. During the last eight years that Berar has come under the administration of the Central Provinces, it has been held under a permanent tenure by the British Government, and all the revenue goes to the British Government. The average yield of the revenues in Berar has been 145 lakhs a year during this period. Out of that amount, 25 lakhs are paid to the Nizam and 50 lakhs are spent in the Province. About 3 lakhs may be allowed as a fair contribution required for paying towards the expenses of the Central machinery of the Provincial Government and the heads of Departments. There remains an amount of between 70 and 75 lakhs, of which 35 lakhs are received by the Government of India, and at least that amount or probably 37 lakhs are received by the Provincial Government. Now, in these circumstances, when there is a province which is not only self-supporting, but which leaves to the Imperial Government 35 lakhs a year, and which over and above its share of contribution to the up-keep of the Central Provincial authority pays to the Provincial Government—37 lakhs a year—it is undoubtedly a province which deserves some consideration; and I urge before the Council that its needs and requirements have to be taken into head.

"These are my arguments so far as the taking of the main railway line to Amraoti is concerned.

"I then go next to the question of the Akola-Basim Railway. This project has been urged before the Government ever since the eighties. In reply to the question which I put to the President of the Railway Board 13 months ago, I was told that it stood high in the list of projects. The work on the line, however, has not yet been commenced. Since I gave notice of my Resolution, I was informed by the Hon'ble the President of the Railway Board that the work will be soon undertaken. Well, Sir, if that assurance is given in this Council, the second part of my Resolution can be regarded as accepted. If, in any case there is a disposition to postpone the work, I would bring to the notice of Government that this is a line, the importance of which has been admitted for more than a quarter of a century. It has a traffic which would have brought more than 6 per cent. or 7 per cent. to the Government all these years had a railway been constructed at the time it was asked for. Anybody who travels those 50 miles in the months of November to June would find 1,500 to 2,000 carts travelling along that track. It is one which would have amply repaid any railway company which had constructed a line over it. This is a project which also demands the consideration of Government and the attention of the Railway Board. With these words, Sir, I commend my proposals to the Government."

The Hon'ble Sir T. R. Wynne: "Sir, Badnera is a station between Bhuswal and Nagpur. The main line of the Great Indian Peninsula Railway was aligned so as to pass Badnera, some six miles from Amraoti, because of a range of hills in the vicinity which would have involved considerable expenditure to cross if the line had been taken straight through Amraoti. I have no information on the subject, but I surmise that some 40 years ago the trade of Amraoti was not of very great importance. The construction of the Branch line from Badnera to Amraoti seems to have well served its purpose judging by the Hon'ble Member's account of the present prosperity of the town. There can be no doubt that for goods traffic Amraoti at the present time has nothing to complain of. Goods can be despatched from there straight to Bombay just as well as if the town was on the main line. The whole justification therefore for adopting the Hon'ble Member's proposal rests in spending a large sum of money so that passengers to and from Amraoti might be saved the trouble of changing carriages at Badnera. Now, who is to provide this money, the amount involved being some 20 to 30 lakhs of rupees. Its expenditure is not likely to bring in any increased revenue. The Great Indian Peninsula Railway decline to agree to add to their capital, and I could not recommend that the Government of India should bear the cost, as I feel sure the Finance Department would object. Amraoti was suffering under some disadvantages which the Hon'ble Member explained to me when discussing his scheme. When the line was built as a Provincial line, it was allowed to make certain extra charges, tolls, &c. When the line was absorbed in the Great Indian Peninsula Railway undertaking, this was overlooked and the charge was retained. This has now been put right and the extra charges for the Amraoti Branch have been withdrawn. The Railway Board are also in communication with the Great

Indian Peninsula Railway as to running a train between Amraoti and Badnera and back again and on to Bombay. Of course, the Hon'ble Member has pointed out that the Local Government strongly supported this, but from the Local Government's point of view they had no option but to support it; but I think it would be interesting to know what opinion the Local Government would have taken if supporting the proposal had involved expenditure from their own provincial revenues instead of from the revenues of the Government of India; so on the part of the Government of India I oppose this Resolution.

"With regard to the Akola-Basim line, this is a project well to the fore as it is a most important project connecting as it would the metre gauge system of the north of India with that of the south. At the present moment we have a strong survey party working it up, but the line must take its turn in being included in the programme. The Hon'ble Member has advanced many reasons why it should be made at once, but there are many other lines in India regarding which you could advance equally strong reasons. I said, in the answer which I gave last year, that it is a line that is very much to the fore, and so it is. With all these demands for improving open lines, it is impossible to give a date when this line will be taken in hand."

The Hon'ble Mr. Mudholkar: "Sir, I must confess that I am greatly disappointed at the line taken up by the Hon'ble the President of the Railway Board. It is said that the placing of Amraoti on a branch makes no difference to the goods traffic. But I must remind my Hon'ble friend that I did bring to his notice a very fresh instance of such a difference, and that this town, which has a cotton-trade of its own constituting one-nineteenth part of the cotton export trade of the whole of India, was unable to get trucks for carrying its cotton to Bombay or Calcutta, and that for weeks and weeks the station-yard was full of the bales. I have also told him that what some of the people did then was to take the bales by bullock carts to Badnera, the station on the main line five miles away; and there they could get trucks. That is the disadvantage of being on a branch line, the existence of which can be seen even now if only one goes there. Then in regard to what I have said about the capabilities of the town and the probability of its commercial expansion, there is no reply forthcoming. It is true that there is the question of cost which it is said would be 35 lakhs or at least 20. Sir, I cannot see why such an amount would be wanted. But there is another reply—you have constructed lines which for years have not yielded any dividend whatsoever; but which, on the contrary, have been a source of annual loss. Now here is a line which is pronounced by competent authorities to be one which would be a self-supporting and paying one, and still there is want of funds for it." I must confess, Sir, it looks as though it rather depends upon the clamantcy with which one puts forward his case than on its own inherent strength whether it gets a proper hearing or not. What I say is that as there have been other cases in which there have been expenses incurred on the probability of a return, so also is the present case, which I urge is one deserving of consideration, because the people and the local authorities also say that the expenditure would obtain a return before long, and I would therefore press this proposition on the consideration of the Council."

The Resolution was put and rejected.

REGISTRATION, JAILS, LAW, POLICE, ETC.

The Hon'ble Sir Reginald Craddock: "Sir, in introducing to the Council the heads of the Financial Statement which appertain to my Department, I do not wish to take up their time with any comments in detail. These heads are Registration, Jails, Courts of law, Police, Medical, and General Administration. Leaving aside the Medical Department for the moment, all these departments represent necessary and important services; but the greater part of their expenditure consists of establishments, and the work they do does not, as a rule, attract much attention as to the details of the expenditure. It is regarded as necessary and the details are not, as a rule, much criticised. There is a Resolution on the agenda regarding the Police and also upon General Administration, and upon both of these, I do not want at this stage to make any remarks.

"As to medical, the greater portion of the items included under this head belongs to the Department administered by my Hon'ble Colleague in charge of Education; and in connection with that portion we have heard a most comprehensive and able exposition from the Hon'ble Surgeon General Lukis as to the sanitary and research work that is being undertaken by the Government. I need not add anything to those remarks, but I would just refer to the fact that included in the statement* which Surgeon General Lukis put on the table is a reference to the Tropical School of Medicine in Calcutta which it is proposed to establish, and a sum of 5 lakhs has been included in the estimates for capital expenditure on this account. This is a very important departure, and I feel sure that the Council will accept it as most satisfactory. Another item to which I would like to refer is the grant of 1½ lakhs in aid of the Dufferin Fund, which is included in the estimates subject to the sanction of the Secretary of State; and I am sure that the Council will agree that the inclusion of a sum of this kind in aid of the great charity which was instituted by the Countess of Dufferin for bringing medical relief more within the reach of the women of India, is aid which commends itself to the Council, and meets with their approval."

CHARGES FOR SECRETARIATS.

The Hon'ble Mr. Subba Rao: "I beg to move, Sir, 'that this Council recommends to the Governor General in Council that the sum of rupees thirty-three lakhs and seven thousand under the head No. 18 (1) (iv) (Charges for the Secretariats) be reduced by 5 lakhs.'

"It will be seen that under the head of general administration, the charges of the Government of India come up to quite as much as the charges of all the Provincial Governments put together, that is, to more than a crore of rupees. Of these, there are two large items. One is the Secretariats costing about 38 lakhs, and the other is offices of Accounts and Audit, nearly 38 lakhs.

"This Resolution deals with the former. I wish to inquire from the Hon'ble the Home Member whether any attempt is made to review the expenditure under this head. I submit that retrenchment is necessary, especially as there is an extra expenditure of 5 lakhs provided towards the cost of the new Delhi administration. We are told on high authority that the administration of India is the costliest in the world. We shall be gratified, Sir, if the cost of administering the new Capital does not entail an extra burden on the country. This can only be done by curtailing expenditure under other heads. It appears to me that there is room for effecting savings in this direction. It is curious that the Public Service Commission did not touch the Government of India Secretariats. The number of charges under the Government of India reserved to the members of the Indian Civil Service increased from 55 in 1892 to 85 in 1910. Yet there is not a single Indian employed in any of these offices. The Hon'ble the Finance Member announced last year that he had recently selected an Indian to the post of an Assistant Secretary under him, and he pointed out that it was the first time when an Indian held such an appointment. The Statutes on the subject do not debar Indians from holding appointments in the Secretariats. On the other hand, express power is given under the Statute of 1870 to the Government to appoint Indians, if they choose, to the Secretariats. The fact that the question of abolishing the Provincial Service as constituted at present and holding simultaneous examinations in India and England is under correspondence with the Secretary of State need not stand in the way of appointing Indians to the Secretariats."

"I submit, Sir, that the present exclusion should not be permitted to continue any longer. It is a slur on the large fund of statesmanship and ability available in the country. It is a slur also on the British Government that it cannot utilize this material in making the administration economical and popular. I take the liberty of commending to the Council the weighty words that fell from you, Sir, at the meeting of the Council held on the 25th January 1910. You said:—

'As a Finance Minister, it is permissible for me to say that, from the economic standpoint, it seems to be for consideration whether we might not make greater use than at present of the undoubted abilities of the educated Indian.'

* Vide Appendix No. 2.

"I submit that strenuous efforts should be made to reduce expenditure under this head, so that the cost for the new Delhi administration might be met, if possible, out of the savings.

"With these words, Sir, I commend the resolution to the Council."

Sir Reginald Craddock : "Sir, I felt rather under a disadvantage in connection with this Resolution, as I was not able even to surmise what points exactly the Hon'ble Member would take. I did not suppose that it was possible that he was so hard-hearted as to suggest that we should turn adrift large numbers of our clerks, and therefore I was anxious to hear in what direction he could suggest economies of the kind indicated. Well, as a matter of fact (I do not know whether I am trespassing on the domain of the Finance Department, if I am, I will admit that I would rather that they undertook the defence) as far as I am able to find from the figures available to me at this moment; the cost of the Imperial Secretariat has shown no increase during the last few years, if we exclude from it the additional expenditure which was required last year in connection with the arrangements for the Delhi Durbar. The actuals for the year 1908-09 were Rs. 34,64,000, and the budget figures for the year 1912-13 are Rs. 33,07,000. Last year a promise was made that Departments would be overhauled with a view to seeing whether any reductions were possible; but in the Secretariat branch of the expenditure it was not found possible to make any material reductions. The Hon'ble Member has suggested that it would be possible to make an economy by the larger employment of Indians in Secretariat appointments. The larger employment of Indians in Secretariat appointments is a totally different question upon which I cannot very well enter at present for the reasons which the Hon'ble Member has himself indicated; but if he puts this forward as a means of securing the economy of 5 lakhs which his motion contemplates, I can only say that no such economy or anything like it can be obtained by the method that he suggests. At present the Secretariat appointments are in a great part limited to the Indian Civil Service by Statute, and if Indians belonging to the Indian Civil Service are appointed in Secretariat posts, there will be no saving at all. If officers of the Provincial Service should be appointed by making the appointments under the present system—listed appointments—even then the savings would be so small that they would be utterly insignificant by the side of the sum mentioned by the Hon'ble Member. There have been instances—one was quoted by the Hon'ble Member, and no doubt if I had more time, I could have found others—in which Indians have held Secretariat appointments; and in the Bengal Secretariat, there has recently been a small experiment in that direction, of attaching two members of the Provincial Service as Attachés to the Secretariat so that they may be able to learn the work. This constitutes therefore an experiment as to the possibility of employing such officers in such posts. Beyond that, of course, I am unable to say anything on the particular method that the Hon'ble Member suggests, by which economy may be obtained; but on behalf of the Government, I am obliged to oppose this measure, because it seems to me that the Hon'ble Mover has not in any way indicated how this very large economy which he suggests can be secured. On behalf of the Government, therefore, I oppose the Resolution."

The Hon'ble Mr. Subba Rao : "Sir, I quite admit that the figure under this head as stated by the Hon'ble the Home Member has remained substantially the same during the last few years. The figure for 1909-10 is Rs. 33,17,000 and the budget figure Rs. 33,07,000, nearly the same. The Hon'ble the Home Member says that if we employ Indians who have passed the Indian Civil Service Examination, there will be no savings at all. That is true. He says also that if members of the Provincial Service were appointed, the savings effected would be inconsiderable. He further says that there are Statutes that limit the appointments to those who pass the examination in England. I have pointed out that the Statute of 1870 expressly enables the Government to appoint Indians to any of the posts that are reserved to members of the Indian Civil Service. Therefore, there are ample powers given to the Government to appoint Indians, if they choose, to such places. As regards the savings by appointing Indians to such posts under the Statute of 1870, it is plain, from the correspondence on the subject, that the saving would be at least one-third of the amount paid to the members of the Indian Civil Service; so that if three lakhs is

spent at present, there will be a distinct saving of one lakh out of those three lakhs. As far as I can see, no attempt is made to examine the question from this standpoint. The question has been examined simply whether the number of persons employed in the department could be reduced, and not whether the expenditure could be reduced by employing more Indians in the place of those who are now doing duty. I should have been satisfied, Sir, if the Hon'ble Home Member had promised that he would examine the question from this aspect and a real beginning made in the direction of appointing Indians to reserved places in the Secretariats. I submit, Sir, the question ought to be examined from this standpoint. It is an important question which affects the dignity and status of Indians and the well-being and the popularity of the British Government in this country, and I therefore press this Resolution on this Council."

The Resolution was put and rejected.

POST OFFICE ACCOUNTS AND AUDIT.

The Hon'ble Mr. Subba Rao: "Sir, the next Resolution that I have the honour to place before the Council is :

'That this Council recommends to the Governor General in Council that the sum of rupees thirty-eight lakhs and sixty-one thousand under the head of Office of Accounts and Audit be increased by rupees twenty-five thousand.'

"The Hon'ble the Home Member with regard to the last Resolution said that he did not understand what points I intended to raise by it. If the Hon'ble Member cared to inquire of me, I should have been very happy to place before him the necessary information.

"With regard to this Resolution, Sir, though the terms of the Resolution are wide, I have put it in this form to call attention only to one item under this head, and that is the savings proposed to be effected by dispensing with the services of clerks connected with the Post Office Savings Bank Audit. I have intimated this to the Hon'ble Sir James Meston, our able and good Finance Secretary. With his usual courtesy he has furnished me at my request with a statement on this subject. From this it appears that a saving of Rs. 89,280 is proposed to be effected by dispensing with the services of 196 clerks drawing an average pay of Rs. 38 a month. The pay of these clerks, according to this statement, ranges from Rs. 15 to Rs. 100 a month. As some improvements have been effected regarding the Savings Bank Audit, the services of these men have been found unnecessary and so notice was given to them that their services would be dispensed with from July next. So far, Sir, no indication has been given as to the future of those men, whether they would be treated on the same footing as those in other departments where retrenchment is found necessary. A good number of these men are young men who have passed the general and special examinations qualifying for the department. It is rather hard for them, after putting in some years of good service under the Government, to turn now to new fields and start life afresh. I may mention further that they belong to the general list of the department and do any branch of work that may be assigned to them. It is by mere accident, Sir, that they now happen to be doing work in the Savings Bank Audit. It is hard, therefore, that the blow should fall on them alone without regard to the length of their service or the good work done by them.

"The Hon'ble the Finance Minister has well outlined in his speech the other day the policy of the Government in dealing with the Opium Department employes, whose services are not needed on account of retrenchment necessitated in that department. He said :

'What we are doing is, first, to get rid of the least efficient of the Opium employes on such pensions or gratuities as the rules permit; second, to transfer to other departments all who are fit for a new class of employment; and third, to encourage the retirement of the senior men by offering full pension to all those who are within five years of completing their qualifying service. On these lines we are dealing with every rank from the highest paid departmental officer down to the humble peon, and we hope to prevent any genuine hardship.

"I thank the Hon'ble the Finance Minister for outlining this broad and liberal policy. Similarly is the policy laid down by the Government of India in reorganizing the Telegraph Department where retrenchment is proposed to be carried out by gradually absorbing those whose services are found unnecessary, and not by turning them adrift by notice to quit. I am sure the Hon'ble the Finance Minister will deal with these 196 clerks in the Postal Savings Bank Audit with the same generosity as he is dealing with the employes in the Opium Department, and as the Government has resolved to treat the employes in the Telegraph Department."

The Hon'ble Sir Guy Fleetwood Wilson: "Sir, the first idea that occurred to me on reading this Resolution was that the Hon'ble Mover had been induced merely by a general and very natural sympathy with the subordinate staff to endeavour to mitigate the hardships involved in a reduction of establishment. It has since struck me, however, that the Resolution may have had a more specific suggestion—a suggestion in which it would be possible for me to trace an indirect compliment to myself. On the 8th of March a year ago, it will be remembered that the Hon'ble Member moved a Resolution to the effect that the expenditure under the head of offices of Account and Audit be reduced by two lakhs. He referred to the amalgamation of the Civil and Public Works Accounts, which he thought should result in substantial savings; and in connection with the creation of a grade of Chief Accountants who ranked as gazetted officers he said: 'The question was whether the number of officers could not be reduced.' He did not then make any conditions as to the manner in which reductions should be carried out, and it fell to me, while expressing my desire to effect economies wherever possible, to enter a caution that it is necessary, in these cases, to deal tenderly with vested interests. It seems—and this is what I meant by the Resolution being an indirect compliment to myself—that the Hon'ble Member has borne in mind what I said; for no sooner had I effected a substantial economy in my department—an economy in accord with his previous Resolution—then he turns round and asks me, 'What about the staff?' I cannot object to the Hon'ble Member taking up the line I took myself last year, but I think I am entitled to raise some objections to the precise manner in which he has done so. The Hon'ble Member might, I think, have asked himself whether it was likely that I should disregard considerations on which I had myself laid some stress, and if he was uncertain, it would have been a very easy matter for him to ask me how the matter stood. I should have preferred him to take that course, and in moving a Resolution without ascertaining the facts of the case by means of a question or from the head of the department, I think he has departed a little from the consideration which he usually shows me."

"To enable the Council to come to a decision on this Resolution, it is necessary for me to explain briefly the general position. What we have found is that hitherto two sets of ledgers have been maintained for the private accounts of depositors in our Savings Banks. The Post Office maintains one set itself. That is only right and proper. It is no more than any bank would do. But secondly, and for the purposes of audit, another set has been maintained in the Accounts Office. We propose to substitute for this second-hand method, involving obviously a great deal of duplication and clerical work, a direct method of audit applied to the original books. By this simple change we save in the gross over a lakh of rupees. We shall require some inspecting staff, and the Post Office will have to employ a few more clerks, but even the net saving will probably be half a lakh. But the Hon'ble Member is concerned with the effect of these changes on the subordinate staff. I will tell him what we are doing. The men who cannot otherwise be provided for will of course get their compensation pensions or gratuities. That is all they are entitled to under the ordinary rules. But I have been making the best arrangements possible to retain them in the service. Some will go over to the Post Office. For others some posts will, I hope, be found in consequence of a redistribution of work between some of the Postal Accounts Offices which has to be made very shortly. Recruitment again has been stopped in all the Postal Accounts Offices since January, and this has been done with the object of giving the places to qualified men in the Savings Banks sections. A fair number also having earned their pension have intimated their willingness to retire."

"The Hon'ble Member will not expect me to give him exact figures at this stage, for the change will not take effect till July, and the details have not yet been fully worked out. I give him my assurance that no hardship will be caused which can be obviated, but I cannot go further than that. The real requirements which face us in half a dozen different directions are against extravagance. The interests of the tax-payer are against extravagance, and I cannot consent to the retention of unnecessary establishments or to delay in the introduction of reforms which, as in the present case, are clearly desirable."

The Hon'ble Mr. Subba Rao : "Sir, I am much obliged to the Hon'ble the Finance Member for the assurance he has given that in dealing with these clerks no hardship will be caused that can be avoided. He rather found fault with me for not having consulted him in the matter. I may assure the Hon'ble Member that I never intended to show him any disrespect. He will remember that last year I consulted him, but this year I thought it would be better that I should not intrude on his attention, as he was not in the best of health; but I was in communication with the Hon'ble Sir James Meston, and I had a talk with him on the subject, and he promised to look into it. But as the question was of some public importance, and as I knew that the Finance Department would deal with these people generously and justly, I considered that a statement made by the Hon'ble the Finance Member in the Council would be valuable not only to the few individuals concerned, but also to the large number of Government servants who might any day find themselves in a similar predicament. I therefore thought it worth while to come to the Council with a Resolution on the subject. I hope the Hon'ble Member will take it from me that it was not out of any want of respect or regard for him that I did not consult him in this matter, but because I was in full communication with the Hon'ble Sir James Meston, who has been thoroughly sympathetic on the subject, and because I knew that the question, if brought forward, would elicit a public pronouncement for the guidance of all public servants. With these words I take the liberty of withdrawing the Resolution."

The Resolution was withdrawn.

POLICE.

The Hon'ble Mr. Gokhale : "Sir, I beg to move that this Council recommends to the Governor General in Council that the allotment to Police (India General) for next year be reduced by one lakh of rupees.

"On a reference to page 61 of the explanatory memorandum, the Council will see that the Imperial portion of police charges is shown there under three heads. One is India General, the second is Baluchistan and the third is North-West Frontier. Now, taking the budget and the revised figures for the current year, it will be seen that while the charges for Baluchistan and North-West Frontier have gone down, the revised figures being lower than the budget figures, the figure for India General has increased considerably. The explanatory paragraph appended to this head explains how the decreases against Baluchistan and North-West Frontier are only nominal; and as I do not raise any question about those entries, I will say nothing more about them. The entry against India General, on the other hand, shows an increase of Rs. 36,000 in the revised estimate over the budget estimate, but there is not a word of explanation in the explanatory paragraph about that increase. Now, Sir, my first query is, why is there no explanation given, and what is the explanation of the increase? Next, if the Council will look at the figures under this head for the last three years, namely, the accounts for 1910-11, the revised figures for 1911-12 and the budget figures for next year, it will be seen that there is a continuous increase in the charges. In the accounts of 1910-11, the charges were Rs. 8,45,000. Last year the budget estimate of the current year was taken at Rs. 8,96,000, whereas the revised figure now laid before us stands at Rs. 9,32,000; while in the budget for next year the sum that is entered is Rs. 9,37,000. Thus the sum budgetted for next year is much larger than the actual for 1910-11. It is also much larger than that which was budgetted for last year, and is even slightly higher than the revised estimate for the current year. I should like to know why this item is showing an increase when the general policy of Government in regard to

such charges is now one of retrenchment. Then, Sir, I find from a return which was laid the other day on the table in reply to a question which I put about retrenchment that in the expenditure which the Home Department controls there is an item of 2.83 lakhs on account of the Central Criminal Investigation Department. That is on the authority of the Hon'ble Mr. Wheeler, Acting Home Secretary, and the amount is given for the year 1910-1911. Now, if we turn to the actuals for 1910-1911, as given in this yellow book—the Finance and Revenue Accounts which is published annually—I find that the cost of the Central Criminal Investigation Department of the Government of India for 1910-1911 was 3.05 lakhs, and not 2.83 lakhs as shown in the return. I should like to have an explanation of this discrepancy; evidently something is left out in the return, or something is included in this yellow book which I cannot make out. I want, therefore, to know whether the Criminal Investigation Department charges of the Government of India are really 2.83 lakhs or 3.05 lakhs. Lastly, Sir,—and that is the principal point for which I have raised this discussion to-day,—I want to know how much of this sum represents the cost of the Government of India Criminal Investigation Department in Provinces which have got Criminal Investigation Departments of their own. I speak necessarily at a disadvantage in this matter, because outside the department the general public knows very little as to the constitution of the Criminal Investigation Department. But it is a matter of common knowledge that the Government of India Criminal Investigation Department maintains officers and men of its own—a small number—in the different Provinces, which have got their own Criminal Investigation Departments. And I should like to know how the spheres of work of the two are differentiated. Of course, so far as the territories directly under the Government of India are concerned, they would be for the Government of India Criminal Investigation Department. So also in regard to the Native States, which are in direct relations with the Government of India. Finally, the expenditure that is incurred in watching men in foreign countries would also come under the Government of India expenditure. So much I think is clear; but in addition to this, I have heard on good authority that the Government of India Criminal Investigation Department maintains a few officers and men of its own, and does espionage work on its own account, even in Provinces which have got their own full-fledged Criminal Investigation Departments, and I want to know why this is done. I find, Sir, that this has been a matter for repeated complaint on the part of several Local Governments, and the Decentralization Commission in its Report notes this complaint. This is what the Commission says:

“The Lieutenant-Governor of the United Provinces complained of encroachment on the Provincial sphere of administration by the Director of Criminal Intelligence, and we have received similar complaints in other Provinces as to what was regarded as the undesirable activity of this officer.”

“This year also, I gather from the newspapers that the Lieutenant-Governor of the United Provinces has complained in his Administration Report of constant friction between the Government of India Criminal Investigation Department and the Provincial Criminal Investigation Department. I should therefore like to know if such a duplication of machinery for espionage exists in the Provinces which have got their own Criminal Investigation Departments, and, if so, why the work is not altogether left to the Provincial Criminal Investigation Departments. Of course, as I have admitted, I speak more or less in the dock on this subject, because the outside public knows very little about this Department. The only thing that people are sure about is, that many of these Criminal Investigation Department men are a great nuisance to innocent people, and that they do their work not only without judgment, but often without a regard to appearances or decency. I therefore strongly urge that, if the Government of India maintain a Criminal Investigation Department of its own in the different Provinces, this duplication should be abolished, and whatever saving results from it should be effected.”

The Hon'ble Sir Reginald Craddock: “Sir, the Hon'ble Mr. Gokhale in moving this Resolution has adopted the attitude of not desiring to criticise us unduly, but to obtain information on certain points on which he is not at present sufficiently informed to enable him to judge of the expenditure which is found in our Financial Statement. Now, in the first place, against

'India--General,' he has differentiated very rightly the expenditure which is definitely allotted to 'India--General' from the expenditure in Baluchistan and the North-West Frontier Province, but, as a matter of fact, out of the expenditure shown in 'India--General', all but a little over three lakhs relates to police expenditure in Coorg, and in certain minor administrations under the Foreign Department, and to Railway police on lines which run through Native States and have not been given to adjacent Provincial Governments to supervise. These items represent the normal expenditure on police in the country, and any increase that has taken place only in recent years has merely been in pursuance of the general policy of reform which we discussed little more than a week ago in this Council. So that, practically, the real item on which the Hon'ble Member desires to lay most stress is that item amounting to three lakhs and a little over, which represents the expenditure of the Criminal Investigation Department of the Central Government."

The Hon'ble Mr. Gokhale: "May I interrupt the Hon'ble Member? If the increase in the revised estimates over the budget estimates is in connexion with measures of police reform, why was not the necessary provision made in the budget estimates for the measures that were to be carried out?"

The Hon'ble Sir Reginald Craddock: "I was not referring to the increases in the revised over the budget, but I was referring, generally speaking, to the fact that increases have taken place of late years with regard to the reforms. With regard to the increase of the revised over the budget, additional expenditure was incurred, and the Hon'ble Member will, I am sure, recognise that that additional expenditure was quite properly incurred in connexion with the Royal visit, and this accounts for the increase of the revised under that head.

"Coming now, Sir, to the question of the three lakhs spent on the Imperial Criminal Investigation Department, the increase has not been so very large if we go back a few years. Nearly ten years ago, the expenditure on the old Thagi and Dacoiti Department averaged about two lakhs or a little over, and the increase that has taken place since then may be fully accounted for by the general development of communications by railways, telegraphs, roads and everything else which develops the energies of the criminal classes as well as of the other classes of the community. There was a time not long ago when we found people—we cannot find them now—who respected the boundaries of Administrations and States, and I recollect hearing of a case in which some dacoits, having unwittingly strayed over the boundary and having robbed some wayfarers, who were coming back to their homes, suddenly came upon the boundary marks, which showed that they had been carrying on their depredations inside British territory. Hurrying after the people they had robbed, with many apologies they handed back the goods they had taken from them and went away. Well, Sir, I must confess that conscientious dacoits of this kind are no longer to be found. We have got to recognise the unfortunate fact that criminals refuse to be restricted by the boundaries of Provinces or by the boundaries of States. You can rightly understand that, when things were much simpler and communication much less easy, each Local Government used to manage its own police, who were mainly concerned with their internal affairs, and it was only to a limited extent that they had to pursue criminals over the border. But, now, with the railways and telegraphs, it is absolutely necessary that there should be an organisation which can cope with crime that ramifies over the whole of the country; and the Police Commission, although they were not absolutely the originators of the system (for it had existed before), emphasised their recommendation on that point, and said that they were convinced of the necessity, on the part of the Government of India, to have a much more intimate knowledge of what was going on in every Province, and on the part of every Province to have a much more intimate knowledge of what was going on elsewhere, than at that time existed. In pursuance of this policy, it has been found necessary to employ officers attached to the Central Government whose duties may take them far afield and may keep them in various places at various times. But if we are to deal with cases of organized criminals, such as coiners, note-forgers, dealers in arms, and many others, not to mention the ordinary dacoits whose depredations extend over several Provinces, if we are to keep a hold on these people, and if Hon'ble Members

wish to sleep quietly in their beds, we must have a central organisation of this kind. It is impossible of course that I should explain to the Council all details of the distribution of such an organisation—it would be quite impossible—for the whole essence of their success lies in the fact that their operations are not public. But I should like to emphasise the point that though political unrest and the political activities of late years have brought that aspect of their duties more prominently before the public, they must not forget the even more important duties that they perform in connection with the organisation of crimes and criminals, who are becoming cleverer every day. These should not be lost sight of, and I feel sure that the Council will agree with me, now that I have explained this matter, that the sum of three lakhs of rupees for a country of the size of India is really a very small sum to pay for an establishment which is so urgently required for dealing with serious crimes of this kind."

The Hon'ble Mr. Gokhale: "Sir, I would like to say just a word, and that is, that the Hon'ble Member has not told us why it is necessary to maintain a duplication of machinery for purposes of espionage in the Provinces which have their own Criminal Investigation Department for the work. He has also not told us what the Government of India has to say as regards the complaints which the Provincial Governments had been making on this subject. I quoted from the Decentralization Commission's Report an extract showing that the Lieutenant-Governor of the United Provinces complained even before the Commission that there was serious interference with the work of the Provincial Criminal Investigation Department by the Government of India "Criminal Investigation Department"; and this year again that Government has repeated that complaint. That being so, I think some explanation is necessary as to why such a system, which is complained of by Local Governments, should be maintained. However, as the Hon'ble Member the other day promised an inquiry into the whole question of the Criminal Investigation Department, I do not wish for the present to press my Resolution."

Accordingly the Resolution was withdrawn with the permission of the President.

The Council adjourned to Wednesday, the 13th March 1912.

W. H. VINCENT,

*Secretary to the Government of India,
Legislative Department.*

CALCUTTA :

The 15th March 1912.

Appendix No. 1.

A statistical statement of educational progress in British India was published in the *Gazette of India* of February 17th, 1912. The statistics there shewn and referred to in this summary are for the year 1910-11. The account of principal developments is brought up to date.

Statistics of pupils.—The grand total of pupils in all institutions (including private institutions) has risen by 142,277 to 6,345,582. Madras, Bombay, Bengal and Eastern Bengal and Assam shew solid, and the Punjab shews slight increase. The Central Provinces, the United Provinces and Burma are practically steady, with a slight fall in the case of the two last-mentioned provinces.

The percentage of those at school in public institutions to those of a school-going age has apparently fallen in the case of boys to 25·3. The fall is apparent only, since the calculation has been made on the new census figures, but even so the present percentage exceeds that in any previous year save 1909-10. The percentage in the case of girls remains for the same reason constant at 4·2, though the numbers exhibit an increase of about 30,000 in public institutions. The percentage of both boys and girls in public institutions to those of a school-going age* now stands at 14·9. The percentage of those in public and private institutions is to those of a school-going age 16·9 and to the total population 2·5.

In the provinces of Bombay, Bengal and Eastern Bengal and Assam, over 30 per cent. of the boys of a school-going age are at school in public institutions. The provinces which shew the lowest figure for boys are the United Provinces and the North-West Frontier Province, where respectively 14·4 and 11·8 per cent. are at public schools. Among the larger provinces, Burma heads the list as regards girls with 8·1 per cent. of those of a school-going age at public schools, though Coorg has 15 per cent. at school. The United Provinces is last with 1·3.

The increase in the number of pupils at collegiate and higher institutions amounts to 41,980 or 4·7 per cent. and the total now stands at 931,967, thus divided:—

	Male.	Female.	TOTAL
In colleges	31,073	374	31,447
In high schools	364,704	14,864	379,568
In middle schools	451,522	66,430	520,952

Madras alone exhibits a decline both in college and secondary school pupils—a number of weak institutions having been converted into complete elementary schools.

The increase in the number of pupils in primary schools amounts to 68,583, or 1·5 per cent. and the total now stands at 4,625,890, viz. :—

Male	3,936,419
Female	689,471

In the United Provinces there is a slight continued fall; the causes are being investigated. In Burma there has been a decrease of some 7,000 pupils, mainly accounted for by financial stringency.

Those under training for the profession of teaching were 12,586, an increase of 99; and 4,569 qualified during the year.

The number of pupils at technical schools is 10,535, an increase of 2,329.

In European and Anglo-Indian schools there are 32,844 pupils, an increase of 1,024.

The number of Muhammadans in public institutions is 1,216,401, an increase of 42,462. Of these 158,428 are in secondary schools and colleges and 949,502 in elementary schools.

Statistics of expenditure.—The total expenditure was R7,18,68,000. This is an increase of R31,92,000 over the preceding year. To this increase public funds have contributed R9,30,000. Of the total expenditure, roughly 370 lakhs

* 15 per cent. of the population is taken as representing the number of children of a school-going age.

are now met from public funds, *viz.*, 242 lakhs from provincial, 100 from local and 28 from Municipal. (To the last item the Bombay Presidency contributes 9½ lakhs.) The remaining 348 lakhs are contributed from private sources, including 200 lakhs realised as fees.

Among the larger provinces, the highest expenditure is in Bengal—160 lakhs; the lowest is in the Central Provinces—31 lakhs. In those provinces where the aided system predominates, such as Madras, Bengal and Eastern Bengal and Assam, the expenditure from private sources exceeds that from public sources. Elsewhere, public funds contribute more than private.

The average annual cost of educating a pupil in public institutions is now Rs12.55 against Rs12.28 in the year 1909-1910.

Principal developments.—At the close of 1910 a Department of Education was created in the Government of India. The functions of the Department are not confined to Education. It deals with a number of other subjects which were formerly the work of the Home Department. Early in 1911 an imperial grant of over 90 lakhs was distributed among provinces for non-recurring educational purposes. In February 1911, the Hon'ble Member for Education held a Conference at Allahabad which dealt mainly with the questions of elementary, technical and industrial and moral and religious education. In July a Conference was held at Simla to discuss Oriental studies and research and kindred subjects. The results of these Conferences have been made public. Sir Robert Laidlaw also held a Conference in Calcutta on the subject of European Education, to the development of which he has promised a sum of £50,000. To the series of "Occasional Reports" has been added one dealing with educational buildings in India. Proposals for a new type of University have been made by the Muhammadan and the Hindu communities. The Indian Institute of Science has been opened in Bangalore. Sanction has been accorded to the establishment of a Technological Institute at Cawnpore. The expansion of secondary schools, as shewn by the figures given above, has been considerable; and in certain provinces the school final examination has made noteworthy strides. Progress in primary education has been comparatively less rapid, but, save in certain provinces, is steadily maintained.

Appendix No. 2.**NOTE ON SANITARY MEASURES TAKEN DURING THE YEAR 1911-12.**

A memorandum by Surgeon General Lukis was laid on the table in September last, giving a full account of the measures taken up to that time for the eradication of plague and malaria in India.

The following additional information may be of interest to the Council.

(a) Malaria.

(1) A special malarial board has been constituted in Madras, and the Secretary of State has sanctioned the employment for three years, on malarial work, of a specially trained medical officer and an Assistant Surgeon, in addition to the staff employed by the local Government. Captain Horne, I.M.S., has been selected for this purpose.

(2) Sanction has been accorded to the extension of the deputation of the special malarial officers in Burma and the United Provinces for further periods of one and two years, respectively.

(3) Modifications have been made in the method of selecting officers to attend the malaria classes at Amritsar. Under the new arrangements it will be possible for any officer, who is seriously desirous of studying malaria, to gain admission. The class has also been enlarged so as to include both military medical officers and those in civil employ, and 32 officers have been selected to attend the class which will be held this month.

(4) The second Malaria Conference was convened at Bombay in November last and the proceedings have been published in the Annual Report of the Sanitary Commissioner with the Government of India for 1910. This Conference unanimously passed a series of resolutions pointing out the importance of instituting anti-mosquito measures wherever practicable in addition to making free use of quinine both for purposes of prophylaxis and treatment.

The Government have decided that the observations of Majors Liston and Christophers and of Dr. Bentley have shown that these measures may not prove as impossible a task as was formerly supposed, and it is proposed therefore to carry out anti-malarial operations in certain selected towns where a careful malarial survey has shown that the problem is one capable of practical solution.

(5) Experiments are being carried out in several of our large hospitals with a view to deciding what is the best preparation of quinine for general use and also the most efficient method of administration so as to obtain the full therapeutic effect. In addition to this, allotments of 3 lakhs in each case have been made for the formation of a reserve stock of quinine in Bengal and Madras.

(b) Plague.

(1) The Plague Advisory Committee continued its useful work under the direction in India of Major Liston. Two additional officers have been placed at the disposal of the Committee to carry out further observation on local immunity in Madras and the United Provinces, and in the laboratory at Parel important experiments are being carried out with a view to solving the difficult problem of the disinfection of gram bags without damage to their contents.

(2) Dr. G. F. Petrie was deputed to investigate the outbreak of Pneumonic Plague in Manchuria and his reports are now under consideration.

(3) A system of travelling dispensaries has been introduced into the United Provinces with the very best results. This system is an extension of, and improvement upon, that which has existed in the Punjab since 1907.

(c) Yellow Fever.

In view of the danger which will arise with the opening of the Panama Canal in 1913, Major James has been deputed to the endemic area of yellow

fever to study the disease and to formulate a scheme for preventing its introduction into India. In the meantime, local Governments are being addressed with a view to instituting a careful mosquito survey in order that we may have accurate information as regards the distribution at the various ports of the particular mosquito which is known to be the carrier of the disease in the West Indies.

(d) *Sleeping Sickness.*

In view of the possibility that this disease may be introduced into India from Africa, rules have been framed for the examination of suspected vessels and persons arriving from the East Coast of Africa, and a notification is about to issue prohibiting the importation of antelopes from Africa. Advantage has also been taken of the return of Captain Mackie from the Sleeping Sickness Commission to obtain the sanction of the Royal Society to the publishing of a pamphlet in popular form giving full information as to the present state of our knowledge of this disease. The pamphlet is now in the press and will be published shortly.

(e) *General Sanitation.*

Septic Tanks.—This is a great difficulty in India. The data on which sanitarians work in England are of little use in India, owing to the fact that we have here to deal with a population who are largely vegetarians. Excellent experimental work has already been carried out in Bengal by Major Clemesha and in Dacca by Captain Gourlay, and an experimental installation on a large scale has now been inaugurated at Poona under Captain Hutchinson, I.M.S. It is hoped that as the result of these experiments, reliable data for the designing and efficient working of installations for disposal of sewage by the bacterial method in this country will be available by the end of the year.

(f) *Infant Mortality.*

This important subject was discussed at the first Sanitary Conference. In addition to this the Government of India deputed Major Greig as their representative at the Congress for the protection of infants at the breast which met at Berlin in September 1911. His report, together with a number of important papers and publications, dealing with the problem of infant protection is now under examination and investigation.

(g) *Development of Research Institutes.*

Under this head come the grants for the development of the Central Research Institute at Kasauli and the Bombay Bacteriological Laboratory at Parel, and for the construction of a Bacteriological Laboratory in Burma.

At Kasauli it is proposed to constitute a separate Serum and Vaccine Department in order to meet the growing demand for curative sera of all kinds, and also to create three separate bureaux—one for general epidemiological research, one for protozoology and one for malaria.

At Parel it is intended to enlarge and improve the present laboratories so as to fit them for teaching purposes, with a view to the institution of post-graduate classes such as are now held at Kasauli. These laboratories will, it is hoped, ultimately form part of a school of Tropical Medicine to be established in connection with the King Edward Memorial Hospital which is to be built in close proximity to the Parel laboratory.

(h) *The Tropical School of Medicine at Calcutta.*

This grant is intended to cover the construction of laboratories and research rooms for this school which will be worked in connection with the Calcutta Medical College and which will be open to all qualified practitioners for post-graduate study. The Government of India has also agreed to meet the recurring charges for the additional teaching staff. In connection with this school it is hoped that the Calcutta University will institute a Diploma in Tropical Medicine, similar to those granted at Liverpool and Greenwich.

(i) The Indian Research Fund.

The first meeting of the Scientific Advisory Body was held at Bombay on November 15th, 1911, when it was decided—

- (a) to defray the cost of Major James' deputation to the endemic area of Yellow Fever,
- (b) to make certain grants for the purchase of scientific literature,
- (c) to start a fresh series of investigations into the problems connected with Cholera and Kala Azar,
- (d) to formulate proposals for the co-ordination of work on medical entomology,
- (e) to form a Committee to enquire into the present method of registering vital statistics and to study the causes of decrease in population—also to consider the important questions of Town-planning and of Popular Hygienic education and Propagandism.

The enquiry into Kala Azar has already commenced. The Madras Government has deputed Captain Patton for a period of six months to work on this subject in Royapuram and its neighbourhood, and the Research Fund are appointing for the same purpose Captain Mackie (who has recently returned from the Sleeping Sickness Commission), and are associating with him an Indian gentleman, Dr. Korke, who has been specially trained under Sir Ronald Ross at the Liverpool School of Tropical Medicine. Captain Mackie will probably work in Assam, and the general lines of the investigation have been worked out by a Committee consisting of Surgeon-General Bannerman, Major Christophers and Dr. Bentley.

The Cholera investigation will also start immediately, the two workers detailed for this being Major Greig and Captain Gloster, whilst the details of the investigation have been worked out by Sir David Semple and Major Leonard Rogers, whose work in connection with Cholera is so well known.

The report of the provisional committee on the study of Medical Entomology has been received and is now under consideration.

C. P. LUKIS.

The 5th March 1912.



The Gazette of India.

PUBLISHED BY AUTHORITY.

CALCUTTA, SATURDAY, MARCH 23, 1912.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

PART VI.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1881
TO 1909 (24 & 56 VICT., c. 67, 55 & 56 VICT., c. 124, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Wednesday, the 13th
March 1912.

PRESENT:

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G.,
G.C.V.O., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,

and 55 Members, of whom 47 were additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Raja of Kurupam asked:

"(1) Is it a fact that the Accountant General, Post Office and Telegraphs, has, with the sanction of the Government of India, taken steps to abolish the Depositors' Ledger of Savings Bank now maintained in the Postal Audit Offices and served notices of discharge from 1st April 1912 on about 200 clerks in the various Audit Offices in order to effect an estimated saving of a lakh of rupees a year?"

"(2) Has the Government received any memorials from the clerks served with notices of discharge, and, if so, what action has been taken by the Government to remove the hardship which may be caused to these clerks who have been thrown out of employment?"

"(3) Will the Government be pleased to state whether it is proposed to extend to these clerks the same sympathetic consideration that has been promised to the staff of the Telegraph Department, that their pay and prospects will not suffer by the proposed amalgamation of the Post and Telegraph Department?"

"(4) Is it a fact that Post Masters General have asked for increased establishment in consequence of the transfer of the Savings Bank Ledgers from the Audit Offices to the Post Office? And is it true that the proposed saving of a lakh of rupees a year under 'audit and accounts' may be nearly counter-balanced by increased establishment in the Post Office proper and increase in the number of gazetted officers for inspection of post offices and the travelling allowance of the gazetted officer and his staff on inspection duty?"

QUESTIONS AND ANSWERS.

[*Sir Guy Fleetwood Wilson ; Mr. Mazharul Haque ; [13TH MARCH 1912.]*
Sir Reginald Craddock ; Sir Gangadhar Rao Chitnavis.]

The Hon'ble Sir Guy Fleetwood Wilson replied :

" (1) The reply is in the affirmative.

" (2) Memorials have been received from the clerks. It is hoped that posts may be found for a good proportion of the men either in the Post Office or in other branches of the Postal Accounts, and to this end it has been arranged to keep all vacancies occurring in the Postal Audit offices unfilled for the present.

" (3) The amalgamation of the Postal and Telegraph Departments is wholly unconnected with the reduction of Savings Banks staff and the same considerations do not apply in the two cases.

" (4) I have seen no applications such as the Hon'ble Member refers to, and the cost of the inspection staff will be extremely small in comparison with the savings which are in contemplation."

The Hon'ble Mr. Mazharul Haque, on behalf of the Hon'ble Mr. Bhurgri, asked :

" In reply to a question asked by the Hon'ble Sir G. M. Chitnavis about the inconvenience caused by the tours of officials in the mufassal, Government, on the 18th February 1910, stated that they had invited the opinions of Local Governments on the subject, and also promised to send the Hon'ble Member's question and the answer given to Local Governments.

" Will Government be pleased to state if they have received the opinions of Local Governments on the subject?

" If so, will Government be pleased to lay such opinions on the Council Table?"

The Hon'ble Sir Reginald Craddock replied :—

" The opinions of Local Governments were invited regarding the recommendations contained in paragraphs 669—672 of the report of the Decentralization Commission with reference to official tours. Replies have been received, but since the question is still the subject of correspondence with the Secretary of State the papers cannot be laid on the table. The reports show that the matter has received, and is receiving, attention in all Provinces, and orders are already on record which conform generally to the recommendations of the Commission. It is everywhere recognised that the difficulties mentioned by the Commission exist and that, speaking broadly, they can best be met by action on the lines indicated, but it is not desirable to issue uniform detailed instructions which might not be equally applicable to the varying circumstances of different parts of the country, and the Government of India are satisfied that Local Governments are already dealing adequately with the question."

The Hon'ble Sir Gangadhar Rao Chitnavis asked :

" (a) Has Government received memorials from individual clerks employed in the Postal Branch of the office of the Deputy Accountant General, Post Office and Telegraphs, requesting revision of the existing scales of pay in view of the increased cost of living? If so, will Government be pleased to state what action has been taken upon them?

" (b) Will Government be further pleased to state what action has been taken upon the Report of October 1909, submitted by a Committee consisting of Mr. K. L. Dutta and Mr. W. Chard, on certain proposals for the improvement of the prospects of the subordinate staff?

" (c) Is it a fact that the scales of pay of other Government offices have been revised more than once recently, whereas those of this Account office were revised only once in 1906?

" (d) Will Government be pleased to consider the desirability of improving the scales of pay in the subordinate ranks?"

QUESTIONS AND ANSWERS; RESOURCES OF LOCAL BODIES.

[13TH MARCH 1912.] [*Sir Guy Fleetwood Wilson; Mr. Dadabhoy; Mr. Clark; Mr. Gokhale.*]

The Hon'ble Sir Guy Fleetwood Wilson replied :

"(a) Memorials have been received and are now before the Government of India.

"(b), (c) and (d) Orders will shortly issue on the report of Messrs. Dutta and Chard's Committee; but at present I am unable to make any statement regarding the pay of the Postal Audit staff."

The Hon'ble Mr. Dadabhoy asked :

"Will Government be pleased to state the total cost, if any, it has to pay for the maintenance of the Indo-European Telegraph Department in Persia, as also the amount of annual revenue the system yields?"

The Hon'ble Mr. Clark replied :

"The attention of the Hon'ble Member is invited to the major heads of account XIV and 16—Telegraph. In 1910-1911, the last year for which actuals are forthcoming, the revenue earned by the Indo-European Telegraph Department amounted to Rs. 21,87,909, and the maintenance charges were Rs. 10,82,644, sub divided as follows:—

	Revenue. Rs.	Maintenance charges. Rs.
Persian section	6,69,935	4,15,129
Persian Gulf section	15,17,974	6,67,515 "

RESOURCES OF LOCAL BODIES.

The Hon'ble Mr. Gokhale : "My Lord, I beg to lay the following Resolution before this Council for its consideration :

'That this Council recommends to the Governor General in Council that a Committee of officials and non-officials be appointed to inquire into the adequacy or otherwise of the resources at the disposal of Local Bodies in the different Provinces for the efficient performance of the duties which have been entrusted to them, and to suggest, if necessary, how the financial position of these bodies may be improved.'

"I think, my Lord, I ought to state at the outset why it is that I am raising this question here to-day when it was one of the subjects into which the Decentralization Commission inquired only four years ago, and when the recommendations of that body are still under the consideration of the Government of India and the Secretary of State. My reasons for adopting this course are first, that, though the Decentralization Commission went at some length into the general question of local self-government, its inquiry into this particular branch of the subject, namely, the adequacy or otherwise of the resources at the disposal of local bodies, was extremely slight; and, secondly, the very fact that the matter is at present under the consideration of the Government of India makes the present an opportune moment for raising this discussion here, because even if the Government are unable to accept this motion, it will be an advantage that the views of non-official members on this subject should be before the Government before a decision is arrived at.

"My Lord, in speaking to my Resolution about Advisory District Councils the other day, I pointed out how the reforms that have been introduced during the last five years have liberalized the character of the administration so far as the Secretary of State's Council and the Executive and Legislative Councils of the Government of India and the Provincial Governments are concerned. The district administration, however, continues to be where it was 100 years ago, and local self-government too continues to be where it was carried by the late Marquis of Ripon about 30 years ago: and I strongly feel, my Lord, that there must be important reforms introduced in respect of both these, in order that all parts of the administrative machinery should be brought into

BE SOURCES OF LOCAL BODIES.[*Mr. Gokhale.*]

[18TH MARCH 1912.]

closer correspondence with one another. My views on the subject of district administration I have already laid before the Council. It is true that the motion was lost that day, but that does not mean that the last word on that subject has either been said or heard. To-day I propose to speak on the subject of local self-government. This subject may be considered under three heads : (1) the constitution of local bodies, (2) their powers and functions, and (3) the resources at their disposal. Of these three, the Decentralization Commission have gone in some detail into the first two, and their recommendations in regard to them are also fairly liberal, and I do not therefore wish to say anything about them on this occasion. I agree entirely with the recommendation made by the Commission that steps should now be taken to create village-panchayats in selected villages throughout India ; I also agree that steps should be taken to establish what they call ' Sub-District Boards ' in those Provinces where they do not at present exist. One essential condition of the success of local self-government is that those who take part in it should possess a personal knowledge of the area under their management, or, at any rate, should be able to acquire that knowledge without much difficulty. This condition can well be fulfilled in regard to villages and sub-districts ; it is difficult for it to be fulfilled in regard to District Boards, as our districts are so large. Therefore, I think our real local self-government should start with villages, and stop with sub-districts ; the District Boards may exercise only general supervising and co-ordinating functions, and then, if the Government choose, the other functions of an advisory character, of which I spoke the other day, might gradually be transferred to them. Turning now to the question of the financial position of local bodies, with which alone I am going to deal to-day, I do not wish to distinguish between District Boards and Sub-District Boards for this purpose. For to-day's discussion, I will take them together as representing rural self-government just as municipalities represent urban local self-government. Now, my Lord, let us take a bird's eye view of the whole position of local self-government in the country. There are altogether 717 Municipalities in the country, 197 District Boards and about 517 Sub-District Boards. There are besides about 450 small Union Committees,—389 in Madras and 61 in Bengal ; but I will leave them for the present out of account. The population in municipal areas is roughly about 16 millions, which means about 7 per cent. That is the urban population, the remaining 93 per cent. being entirely rural. The highest percentage of urban population is in the Bombay Presidency, where it is 18 per cent., and the lowest in East Bengal, where it is only 2 per cent. There are no rural boards in Burma ; there are only Sub-District Boards in Assam, and no District Boards. In the United Provinces the Sub-District Boards have been recently abolished, and in the Punjab they have largely disappeared. Coming to the question of revenue, and first taking the four leading Municipal Corporations of Bombay, Calcutta, Madras and Rangoon, it will be found that their total revenue is 2½ crores. The average revenue of the remaining 713 Municipalities is only about 55,000 rupees each. The incidence of taxation is highest in Rangoon, (and I think on this point my Hon'ble friend Mr. Gates distinctly scores), being as high as 11.61 rupees per head ; Bombay City comes next with R10 per head, Calcutta follows with R8½, and Madras comes last with a little over R3 per head. For the remaining mufassal areas, the average is about R2 per head in Bombay, Punjab, Burma and the North-West Frontier, in the Central Provinces it is 1½ rupees ; in the United Provinces and Bengal it is a little over R1½, and in Madras it is only R1½. In Bombay, the United Provinces, the Punjab and the Central Provinces, a large part of the municipal revenue is derived from octroi. In other Provinces there is no octroi. There is in Madras, however, a toll levied on roads, and Bombay and Assam also levy it. The principal revenue in Madras and Bengal is derived from taxes on houses and lands, Bombay, the Central Provinces and Burma also levying such taxes. In some Provinces there are taxes on professions and trades and in all, on carts and vehicles.

"The Municipal Boards have powers of taxation within certain limits with the previous sanction of the Local Government. The rural Boards have no power of taxation ; they are limited to what is known as the one-anna cess.

RESOURCES OF LOCAL BODIES.

[18TH MARCH 1912.]

[*Mr. Gokhale.*]

In raiyatwari areas it is levied on the Government assessment, and in other areas it is assessed on the annual rental value of land. The total revenue from taxation from Provincial rates in rural areas is about 2½ crores, and another 2½ crores is received from various sources, including a small grant from Government. This gives us an incidence of less than 4 annas per head. The Local Boards, moreover, do not get the entire proceeds of this one-anna cess in all the Provinces. In the United Provinces one-third is taken by Government for village chaukidari police, and in the Punjab 20 per cent. has to be paid to the Government for general services. In Bengal a portion goes to the Government for public works cess, and in the Central Provinces only 5 per cent. of the land-revenue is levied as the one-anna cess and goes to local bodies. Turning now to the functions of these bodies, briefly speaking, we may say that they are the care of health, of education and of roads or communications. Enumerating them in greater detail, we find that Municipalities are entrusted first with the duties of construction, up-keep and laying of streets and roads and the provision and maintenance of public and municipal buildings; secondly, the preservation of the public health, principally with reference to sanitation, drainage, water-supply, provision of medical relief, vaccination, and measures against epidemics; and thirdly, education. And the rural Boards are entrusted with the maintenance and improvement of roads and other communications, education, especially in its primary stages, the up-keep of medical institutions, sanitation, water-supply, vaccination, veterinary work, construction and maintenance of markets, and charge of pounds and ferries. My Lord, one has only to enumerate these functions and contrast their wide range with the extremely meagre character of the resources which I have already mentioned to realise how unequal—how pitifully unequal—the resources of Local Bodies are to a proper performance of the functions which have been entrusted to them. Fortunately this point is one on which officials and non-officials are practically all agreed. The little evidence which appears on this subject in the proceedings of the Decentralisation Commission goes to show that there is no substantial difference of opinion between the two. Who that takes this situation into consideration can wonder that things are as they are as regards the provision for health or sanitation, for education or for roads in the country? My Lord, only about 3 per cent. of our towns have got a filtered water-supply, and even a smaller proportion have got efficient drainage. Then in villages, in rural areas, over the greater part of the country, good potable water is a crying want. The total number of hospitals and dispensaries in the country is less than 2,700, and disease carries away annually between 70 and 80 millions, at least one-third of which mortality ought to be preventible with better sanitation and better water-supply. The masses of the people are sunk in dense ignorance. I do not think it is really necessary to dwell on this aspect of the question more than I have done. As I have already observed, there is practically no difference of opinion between officials and non-officials in the matter. I will, however, refer briefly to the evidence tendered on the subject by three important witnesses before the Decentralization Commission. The first witness whom I will quote is Sir Herbert Risley, now alas no more with us. Sir Herbert Risley—we all recognized, whether we agreed with him or differed from him—always approached a question from the standpoint of a scholar and a thinker, and his evidence on the subject was remarkable. This is what he says:

‘It must be admitted that the resources of District Boards and Municipalities are not sufficient to enable them to work up to modern standards of administration. In Municipalities this is most conspicuously the case.’

“The second authority that I will mention is that of the late Sir John Jenkins, whose recent death everybody in this Council sincerely deploras, the strength and liberality of whose views it did not take us long to appreciate, and to whose high qualities Your Excellency paid, if I may presume to say so, a befitting tribute only the other day. Sir John expressed himself on this question with characteristic decisiveness. He pointed out that the resources

RESOURCES OF LOCAL BODIES.[*Mr. Gokhale.*]

[18TH MARCH 1912.]

at the disposal of local bodies were exceedingly meagre, and he said that, considering that they were so meagre, it was no wonder that more interest was not felt in the work of local bodies. If local self-government was to be a success in this country, he strongly held that the resources of local bodies must be largely increased. My third authority will be my Hon'ble friend Sir James Meston, who will soon be translated, we all rejoice to think, to a higher sphere which he is bound to adorn, and where I hope he will remember that the eyes of those who have learned to admire him in this Council will still be on him. I hope my Hon'ble friend proposes to take part in to-day's discussion. Only, if he does, I hope he will remember that I have got his evidence before me, and that I have the right of reply. The Hon'ble Member is very clear and emphatic in his evidence as to what is necessary. It will take time to read what he says, but, briefly speaking, he strongly advocates that the resources at the disposal of local bodies should be largely increased. And he says, especially speaking of District Boards, that there should be quinquennial settlements made by Provincial Governments with them as to the additional revenue that should be allotted to these bodies. My last authority—last but not least—will be the present Home Member. In a speech which he delivered some time ago in the Central Provinces, the Hon'ble Member dealt with the question as to why local self-government was not a greater success than it was, and he said that, considering the fact that the resources at the disposal of the local bodies were so extremely meagre, the surprise was not that they had not done better, but that they had done as well as they were doing. I think, my Lord, I need not adduce any more testimony on the point that the resources at the disposal of local bodies are very slender, and that, if local self-government is to be a success in this country, they ought to be largely increased. The Decentralization Commission have expressed the same opinion. Unfortunately the Commission had to inquire into a hundred different subjects, and therefore this particular subject, namely, the adequacy or otherwise of local resources, received the scantiest possible attention from them. And I feel compelled to say that the manner in which they have dealt with this question is absolutely perfunctory. They say that municipal bodies have powers of taxation; therefore they should raise extra taxation and thus meet their requirements. They did not, however, inquire into the question whether there was any margin for extra taxation, and, if there was a margin, what was its extent and how far it could be utilised at once. In regard to rural Boards, they propose certain small measures of relief—transfer of certain charges from here to there and so forth; only one substantial suggestion they make, and that is, that the 25 per cent. supplementary grant, that is $\frac{1}{4}$ th of the proceeds of the one anna cess roughly—which the Government have been making to rural Boards since 1905 should be increased 'if circumstances permitted.' Nothing more definite, however, than 'if circumstances permitted'. I must say that the whole question has been dealt with in a most unsatisfactory manner, considering its importance, and it is therefore that I urge that a fresh and thorough inquiry into this special subject should be ordered—an inquiry similar to what was made in England by the Royal Commission on local taxation. My Lord, it may be said by some that after all, if local bodies wanted more money, they should tax themselves more and thus provide this money. What margin there is for such additional local taxation, what is the total incidence of imperial and local taxation, and how far the proceeds of taxation are equitably distributed between the Central Government and local bodies, are, however, questions of great importance and require a careful examination. One thing I want to point out clearly to this Council to day, and it is that it cannot be justly urged, taking the imperial and local burdens together, that the people of this country, relatively to their resources, contribute less in taxation than the people of Western countries. This is really very important, and I must therefore deal with it in some detail. My contention is that relatively to their resources the people of this country contribute the same proportion of their income as taxation, imperial and local together—that the people in leading Western countries do. There are three different systems of local self-government in the West. The first is the American

RESOURCES OF LOCAL BODIES.

[18TH MARCH 1912.]

[Mr. Gokhale.]

system; the second is the English system; and the third is the Continental system, of which I will take France as the type. In America, the local authorities have independent revenues of their own—absolutely independent revenues. But they also enjoy complete immunity from the control of the State. As our circumstances are wholly different, the American analogy will not do for us, and therefore I will not say anything more about America. In England the local bodies derive a large part of their revenue from their own rates; then certain revenues have been made over to them by the Central Government as assigned revenues in recent times—this was carried out by Mr. (now Lord) Goschen in 1889—and in addition they receive certain grants from the Exchequer. Thus what they raise from rates is supplemented by certain revenues known as assigned revenues and by grants from the Exchequer. In France, the local bodies derive a large part of their revenue by the simple process of being permitted to add extra centimes to the taxation which the Central Government levies from four 'Direct Contributions'; and this is a very important proportion of the resources of local authorities in France. Our system of local self-government in India is more similar to that of France, where the control of the Central Government over local authorities is much more stringent than it is in England; but as our future development will have to be more on English lines, I think it is necessary for us to study carefully both models, the English and the French.

"My Lord, there are certain important differences in the functions and responsibilities of local bodies in England and France on one side and in India on the other which must be noted. In the main the functions belong to the same category, but in England and France they are much more highly developed and cover a much wider range. Moreover, in England and France local authorities have to maintain their poor, whereas in India the people do it themselves out of our own private expenditure. In Great Britain, with the exception of the Metropolis, the police charges are thrown on local bodies, the State contributing half of the cost as grant. In Ireland, however, the police charges come from the Exchequer. In France the police charges are borne by the Central Government. I mention these differences because they have to be taken into account in instituting a proper comparison. Now, my Lord, taking the figures for 1909—the figures for 1910 will not do as, owing to the rejection of the Budget by the House of Lords, a large part of the revenue did not come in during the year, and the figures for 1911 are swollen by the realization of the previous year's arrears—taking the figures for 1909, we find that in that year in England, confining ourselves strictly and solely to taxation, and excluding Post Office and such other receipts, the State raised about 130 millions. In that same year, the local authorities raised altogether from taxation, pure and simple, about 70 millions. This means a total taxation revenue of about 200 millions altogether, i.e., 130 millions central and 70 millions local. About the same time, taking the latest figures available for France, we find that the State raised about 113 millions from taxation and the local authorities—the Departments and Communes—raised by taxation about 40 millions; altogether 153 millions. In India, taking the revised estimates for the current year and omitting, from the revenue under principal heads, opium, provincial rates, and forest and tributes, we find that our revenue was about 46½ millions sterling roughly—between 46 and 47. And taking the revenue raised by taxation by local bodies for the last year, we find it was about 3½ millions—a little over 3½ millions;—thus we raised by taxation 46½ millions imperial and provincial, and 3½ millions local, or altogether about 50 millions sterling. We thus find 200 millions raised in England, 153 millions in France and 50 millions in India. Let us now see what proportions these amounts bear to the total national income of these countries. In England at the present day, the average income per head is taken at about £40; and the population may be taken at about 45 millions. That means a total national income of about 1,800 millions; 200 millions out of 1,800 millions means about 11 per cent. of the whole national income in England. Thus, in the year I have taken, 11 per cent. of the whole national income was contributed by the people for imperial and local purposes in the shape of taxation. In France, the income is now taken at about £30 per head, and the population is about 40 millions. The total national income is thus about 1,200 millions, out of which about 153 millions were taken for imperial and local purposes. This gives us a

RE SOURCES OF LOCAL BODIES.

[Mr. Gokhale.]

[18TH MARCH 1912.]

proportion of about $12\frac{1}{2}$ per cent for France. Now in British India our population is 290 millions. There is some difficulty as to what should be taken as our average income. There are various authorities who have given various figures. The late Mr. Digby calculated it at only £1 per head. Our great and venerable countryman, Mr. Dadabhoy Nowraji, calculated it at Rs. 20 per head. Lord Cromer, with the assistance of Sir David Barbour—himself later on one of the soundest Finance Ministers of the country, who was then Financial Secretary—calculated it at Rs. 27 per head. Lord Curzon—for controversial purposes (and that to a certain extent reduces the value of his estimate)—estimated this average income at £2 per head. Let us, however, for argument's sake take the highest estimate—Lord Curzon's estimate. Two pounds for a population per head gives us 480 millions. Out of this national income for the whole country, our total taxation, imperial and local, for the current year is, as I have shown, about 50 millions. That gives us also a proportion of about 11 per cent. of our national income. We thus find that of the total national income about 11 per cent. is contributed in imperial and local taxation in England; about $12\frac{1}{2}$ per cent. in France; and about 11 per cent. in India. When it is further remembered that the charge for the poor in England amounts to about one per cent. of the national income, and that that charge is borne privately by ourselves in this country, we may put our proportion also at 12 per cent. of the whole national income. It is quite clear therefore from these figures—and they may be relied on for general purposes—that relatively to our resources we contribute the same proportion of our income in the shape of imperial and local taxation. But where the trouble comes in is in its distribution. The revenue thus raised is distributed in this country much more unfavourably to local bodies than happens to be the case in England and in France. In England, as I have already explained, the local bodies had in 1909 70 millions of their own; in addition they received in that year grants—assigned revenues and grants—from the Central Government amounting altogether to no less than 28 millions. They thus received altogether about 98 millions out of a total of 200 millions, and this, exclusive of the charges for police in Ireland and in the Metropolis. Thus the total of 200 million pounds raised by taxation was practically divided half and half between the Central Government and local authorities, the Central Government taking half for central purposes which have been described as 'onerous' purposes, and the other half going to local authorities for what are called 'beneficial' purposes. In France, in addition to the revenue raised by taxation by the local authorities, they received a little over 2 millions as grants from the Central Government. Taking into consideration these grants, as also the grants for education and the expenditure for police, we find that about 95 millions represented the expenditure of the State for central purposes, out of this 153 millions, and about 58 millions represented local expenditure, including police and educational expenditure among the local, for making a uniform comparison. This gives us a proportion of about two-fifths for local and three-fifths for the State. In India it will be found that, even including the Government expenditure on police, education and medical relief in local expenditure—I include the police in India among 'beneficial' services with considerable hesitation—we still find that the Central Government took last year about 40 millions out of a total of 50 millions for its own purposes, i.e., four-fifths; of the remaining 10 millions, too, more than one-half—nearly two-thirds—was administered by the State itself, and only a little less than one-half being administered locally. Here then is the real root of our trouble. It is not that we pay less for imperial and local purposes, but that what we pay is distributed so unequally between imperial and local services in this country. The Central Government here takes a much larger proportion than what is done in England or France.

"Now, my Lord, I do not say that this can be remedied at once; but some way must be found to secure a larger proportion for local bodies. There is one circumstance of a most striking character to which I must invite the attention of the Council. The total contribution from land is distributed in an altogether different manner here and in England or France. In England the bulk of the contribution that comes from land goes to local bodies, the Central Govern-

RESOURCES OF LOCAL BODIES.

[13TH MARCH 1912.]

[Mr. Gokhale.]

ment receiving only a very small amount as land-tax. In France more than half the contribution from land goes to local bodies. For the year which I have taken into consideration, for every hundred centimes levied by the State from land, there were 130 centimes levied by the Communes and Departments together. In this country, however, the division is in the proportion of 16 to 1, that is, sixteen-sevenths goes to the State and only one-seventh to local bodies. Now there we have really a very serious grievance. I know that it will be said that in this country the land belongs to the State; but after all it is only a theory, and a mere theory cannot change the character of a fact. And that fact is that the total contribution from land is distributed in India in a proportion which is most unfair to local bodies. If we could get for our local bodies a much larger share of the contribution from land, even if the proportion was not as high as in the West, most of the financial troubles of those bodies will disappear. Of course, my Lord, I do not mean that any large proportion of the land-revenue can be transferred at once to local bodies. But I urge that, in consideration of this difference, the Government should help our local bodies with large recurring grants. In any case, the whole question requires to be carefully considered. A great authority on finance, Mr. Bastable, in the chapter on local taxation in his *Public Finance*, points out that land is pre-eminently a source from which local taxation must necessarily be largely drawn; and he points out that in rural areas, there is hardly anything else from which a local revenue can be derived. This is Bastable's view, and I think his authority must be acknowledged by every one. I therefore urge, my Lord, that a careful and thorough inquiry into this question is absolutely necessary, by a body of men qualified to deal with the subject, who should confine themselves to this sole and single question of the adequacy or otherwise of the resources of local bodies. The Committee should inquire into, first of all, whether the present distribution of resources between the Imperial Government and the local bodies is a fair one; secondly, in what ways the Central Government can come to the assistance of the local bodies—whether any revenues can be assigned as is done in England, and, if so, what, to what extent steadily increasing recurring grants-in-aid can be made from the Imperial Exchequer to the local bodies, and whether there is any margin for additional local taxation, and, if so, to what extent. I, for instance, would revive octroi in Bengal and Madras. The theoretical objections against octroi will, I think, not do in this country at our present stage. If you disallow octroi, you shut out an important and fairly large source of revenue for our local bodies. My Lord, I urge this inquiry because the whole future of our local self-government depends upon this. It is freely admitted by every one—by the Government and by the non-official public alike—that there can be no more potent instrument of political education for the mass of our people than local self-government. On this account, as also because the interests of health, education and communications, which are in the charge of local bodies, are of the utmost importance to the community, that I urge a sympathetic examination of this question. My Lord, the Hon'ble the Finance Minister told us the other day—he said he was committing an indiscretion, but the country is grateful to him for that indiscretion—that, in one of the first conversations he had with Your Excellency, you stated to him that it was your earnest desire specially to promote the interests of education and sanitation in this country during your administration. My Lord, there can be no nobler gift bestowed on humanity than the two gifts of health and knowledge. We all fervently pray that Your Excellency may be enabled to realise this ambition of your heart. But if the ambition is to be realised, it can only be by strengthening the financial position of local bodies, because both sanitation and education can be promoted in the land only through the instrumentality of local bodies. I, therefore, earnestly trust that the Government will direct an inquiry such as I have proposed. The question is a very large one, and it has got to be dealt with in a large way. Unless it is so dealt with, unless local bodies are enabled to discharge the functions which have been entrusted to them properly, not only will local self-government prove a failure, but those great interests, those sacred interests, which have been made over to them—the interests of health and education—will also suffer.

"My Lord, I move the Resolution which stands in my name."

RESOURCES OF LOCAL BODIES.

[Sir James Meston.]

[13TH MARCH 1912.]

The Hon'ble Sir James Meston: "My Lord, the Hon'ble Mr. Gokhale has raised a question of great and growing interest. He has raised it, as he told us himself, rather with the object of having it ventilated and of giving this Council an opportunity of expressing its views regarding it, than with the precise desire of insisting upon an inquiry in the form which his Resolution suggests. For, as he has said, and as I think is common knowledge, the whole subject is now under consideration by the Government of India and by the Local Governments in consultation, at the instance of Mr. Hobhouse's Commission; and if, as he complains, the recommendations of the Commission fell short of what is practicable and reasonable, I have little doubt that the ground covered by the discussion which is now in progress will extend to the subjects,—to the branches of the subjects—which the Hon'ble Member thinks Mr. Hobhouse's Commission omitted. If the result is unsatisfactory, it will then be time to press for the further inquiry which he now suggests. But in the meantime Mr. Gokhale has given us a very interesting glimpse of the place which he would assign to the functions of the local authorities in his scheme of political ideals for India. Local self-government in the modern sense has had a chequered and not altogether a glorious career in this country. The old village organization, which has been the admiration of all students of ancient institutions, survived for many centuries the inroads of conquerors and the changes of empire. But since the establishment of the British Government, since the establishment of a strong central Government, it has gradually weakened; and the rapid disappearance of the power and the responsibility of the old village organization is, I think we must all admit, one of the less happy consequences of the development of India on Western lines. In place of the old village organization, we have not yet got any local institutions with the same vitality or anything like the same spontaneity. The statutory reform of local self-government dates, as the Hon'ble Mr. Gokhale has told us, from the days of Lord Ripon, when the present frame-work of Municipal and District boards was laid down. In some provinces that frame-work has been filled in better than in others; but the attitude of the public mind towards the whole subject is, I think, best indicated by the colloquial transposition of 'local self' into 'local slough' with which every one is more or less familiar. There has not, however, been absolute stagnation. The Municipalities, as has been the common experience in all countries, have gone ahead; and we now have, especially in some of the large cities like Bombay, a genuine, strong, active and public-spirited form of civic municipal life. But in the rural areas the District Boards and the Local Boards remain formal and as a rule ineffective. They are a part certainly, but a comparatively minor part, of the official administrative machinery; their duties are unimportant, and their inefficiency is largely due to the lack of funds and to the lack of genuine activity and to the lack of interest in the work which follows from poverty.

"Now, my Hon'ble friend has long been an advocate of change and improvement in these directions; and I am sure that none of us who listened to his speech will disagree with a great deal of what he has said—an agreement which some of us must hasten to offer when we see that he has before him that blue and sinister volume from which he threatens to resurrect some of our past misdeeds. There are, however, in his speech two minor corrections, which perhaps I may be allowed to place before this Council. One is, I am sure, a pure slip. He described the mortality in India as 70 millions; he meant 7 millions. The second is a more important matter. In the elaborate calculations which Mr. Gokhale has placed before the Council to show that India is as heavily taxed as European countries, he has made the wide and sweeping assertion that land-revenue is taxation. Now, my Hon'ble friend knows, as well as most of us do, that there is no more controversial subject in the whole field of Indian politics. He knows the high authorities which hold that land-revenue is no more taxation than revenue from our forests or our gigantic irrigation works. And if that view is accepted, and it is certainly a tenable view, then his calculation to show the gravity of the Indian taxation requires modification. I did not, however, rise to bring this interesting dis-

RESOURCES OF LOCAL BODIES.

[1 TH MARCH 1912.]

[*Sir James Meston.*]

cussion on to a controversial plane; I only wanted, as the Hon'ble Member appealed to my past evidence, to mention two points on which I have a word to say and a caution to offer. The first of these is the caution against attempting to go too fast. I am sure from what has fallen from my Hon'ble friend that he is not going too fast. But he has disciples and followers, he is the leader of a political school, many of whose members are less conversant than he is with the practical limitations of political ideals, and a word of warning may not be wholly superfluous. Mr. Gokhale has quoted examples of what local bodies do in other countries, the large duties entrusted to them, and the large revenues at their command. I think that, before these examples are followed, their history should be closely scrutinised. In England the parish system of government has come down to us from the days of the Tudors, and the powers of the rural authorities have centuries of training and experience behind them. In Belgium the local administration is of almost equal antiquity. But in France the movement is much more recent, and the communal system which he commends still remains officialised or, to use the word which seems now to have become a term of special opprobrium in India, bureaucratic. Even in Eastern Germany, local self-government is still very backward; and in Italy, which historians tell us was the home of the earliest communal autonomy in Europe, the ancient system was completely broken down by feudalism, and its recent revival still leans very heavily on the central Government. The development of local self-government in Europe has thus had a varied history; and the wide liberty which it enjoys in England is by no means universal. It may be that the English models—the County Council, the Parish Council, and the rest of it—are not those which India at the outset could most profitably study. It may be, in spite of what Mr. Gokhale has said, that we should turn rather to the rural Communes of France and Italy, with their simpler forms, their more elementary duties, and their closer subjection to official control. For many years to come it may be that these models are as much as India is wise to follow.

"The second word of caution that I have to offer is this, and then I have finished. The Hon'ble Member has spoken of large grants from the Imperial Exchequer to the local authorities, and he has quoted the English practice. Well I suppose he knows the serious volume of discontent that the English system engenders. I see that this discontent received very forcible expression only a month ago in the House of Commons in a debate on one of the amendments to the Address, which was directed to draw attention to the grievances of the local rate-payers. In England, the rural local authorities realise a very large share indeed of their revenues, as he has himself told us, from taxation upon the land; and the rapid increase of their expenditure and their indebtedness is casting a burden on the land which in many parts has become too grievous to be borne. The only contribution made by personality to the expenses of the local bodies is supposed to be obtained by these grants from the Imperial Exchequer; and there is constant agitation and constant pressure for larger grants in the hope of thus securing a more equitable distribution of the burdens. What I am afraid of in India, and what I think will have to be most carefully guarded against in any progressive policy of local self-government, is a somewhat similar danger. It is the danger that the local bodies will have the responsibility of spending the money, but no real and direct responsibility for finding the money. If it has been sound policy on the part of the Government of India in the past to lighten the taxation on the land, it cannot hardly be sound policy to allow local bodies to increase it; and certainly it would be thoroughly unsound to base their system of finance on arbitrary enhancements of the taxation on the land combined with arbitrary doles from the Imperial Exchequer. There could, I think, be no system of finance which would be more unhealthy in its absence of all inducement to careful administration and to economy in local expenditure. Almost the same objection applies to the system of centimes which the Hon'ble Mr. Gokhale has quoted from some of the continental countries. There you have a system of the greatest possible simplicity; but its very simplicity is its danger.

RESOURCES OF LOCAL BODIES.

[Sir James Meston ; Malik Umar Hyat Khan.]

[13TH MARCH 1912.]

It gives the local authority no trouble and no unpopularity: the central Government has all the odium of assessing and collecting it: the local body has the gratification of spending it. In India, I cannot but think that any such system would be demoralizing and unsatisfactory. What I have to say, therefore, and I am sure my Hon'ble friend will take it in good part, is that, if our rural authorities are to have the powers which Mr. Gokhale would give them, they must not be content with the dangerous ease of cesses on the land and grants from the Imperial Exchequer. They will have to take up their own burdens and distribute them over the local interests and the classes who benefit from their roads and schools and dispensaries. They cannot be allowed to cast the whole of the responsibility on the shoulders of the central Government, or, what is still worse, on the inarticulate cultivators of the soil."

The Hon'ble Malik Umar Hyat Khan: "My Lord, being a Vice-President of a District Board and having been connected with local bodies for a time, my experience may be of some use and I should like to make a few remarks. Being acquainted with a distant mufassal I find that very many things are much neglected there for two reasons—a general want of funds, and the way in which these funds are spent.

"I was a witness before the Decentralisation Commission, and I plainly said what I felt on the subject. I need not repeat it as it is on record. I can safely say that since then the situation has improved, but even now I do feel the necessity of further improvement in that direction. There are committees and committees; and I think that the appointment of a larger committee to make exhaustive inquiries throughout the country would be open to objection on the ground of expense, but smaller committees might be useful.

"Government pays our way up to Simla for the Session of the Council. If three of the Members were appointed up there as well as three officials to meet for an hour or two a day when there is no legislative work, some useful results might be obtained. Some Members who take up time by moving Resolutions, making speeches or asking questions may do more useful work by serving on these committees.

"Again, Government, instead of throwing out all the Resolutions, would please people by accepting them. The public would be impressed with the idea that something was being done, and such a course might help the Government materially without any cost. If Resolutions were disposed of by such committees, it would obviate the necessity of bringing them forward in the Legislative Council year after year. My Lord, then we will easily be able to say that such a matter has been disposed of by officials and non-officials and there would be no need to move them again. As to the time spent it will be less than the debates here and may be of greater satisfaction and more useful, and I would be in favour of such a committee.

"My Lord, suppose this Resolution as put before the Council is seconded and adopted, a sort of Select Committee would be formed here, and it would be said that such and such members would meet in Simla and such a course would give much pleasure. I suggest the appointment of three officials and three non-officials, the president being an official who would give a casting vote when necessary. I do not know much about Russia and France, etc., but I know something about India. My Lord, we have a budget and we all go very carefully through it. I know my Hon'ble friend would not see any money wasted, neither would the Finance Minister allow any waste. The next thing is our Provincial Governments. When we give them some grant in addition to what they already have, there are more than three—the Imperial head, the Provincial head, etc., and I am of opinion that no money is wasted on their own requirements by Provincial Governments.

"Local Governments make grants to Commissioners, who in their turn distribute them among their districts, but as a matter of fact they have not sufficient funds. We would like to say that we have not got sufficient for our Provinces. The Commissioner being the man on the spot supervises the expenditure. The only other way of increasing their resources is, as my Hon'ble friend has suggested, by taxation. Then there are the zamindar

RESOURCES OF LOCAL BODIES.

[13TH MARCH 1912.]

[Malik Umar Hyat Khan; Mr. Dadabhoy.]

and the money-lender classes. I will be very sorry if zamindars are burdened any more, because they are already sufficiently taxed, but I would not be sorry if the other class were taxed.

"When there is a particular sum in the district to be spent, it can be spent only in two ways, firstly, by the people, who if they were clever enough and took the administration of these local bodies into their own hands, would administer the funds themselves, and secondly, the District Officer or the Deputy Commissioner. When I was put before the Decentralisation Commission I said that the Deputy Commissioner's order should be carried out. Now, those in the district know sometimes how these sums ought to be spent; but when a new man comes, he goes to one particular part of the district and says that this is very bad, or that is bad, without knowing what the other parts of the district are like, and perhaps the District Board is spending the money only on one portion of the district. Then again we should wait till things right themselves, and that is just as my Hon'ble friend the Home Member advised us the other day. I would like to give you an instance which is interesting. When I went away from here, I attended one of these District Board meetings, and I thought, as I had just come back from Calcutta, I would try if anything could be done. Well in this case, I was by chance on the right side and the officials were on the wrong. I knew the vernacular and I was able to persuade all these men. I told them that they had been appointed by His Excellency to a sort of trust; that they were only speaking what they thought, and that if they went on like this, they would be making a mistake before God. This frightened them, and they all came round to my way of thinking. This shows how things are done in the distant mufassals, in places which cannot be reached by railways. I am sorry I cannot move a Resolution to take a railway to my house as my friend tried to do the other day. If certain things happen in certain mufassals, I think it is a very good reason to leave the things to right themselves. I know the rules about District Boards and I think they ought to be put right. At the same time there is still a great deal to be said in the same direction in which I said first. No doubt there is a great deal of necessity for a Committee. Nothing very big has been suggested, and I think there can be a great deal of good out of it. I have heard that something has already been done in my Province. That shows that the Punjab is far ahead in every way. Now, my Lord, I think this time we have got a member also to speak who will not be backward in that capacity. With these few words, my Lord, I side with my friend, the Hon'ble Mr. Gokhale."

The Hon'ble Mr. Dadabhoy: "My Lord, I do not wish to take up the time of this Council with lengthy observations. But I feel constrained to raise my feeble voice in support of this Resolution. I do not see how any non-official member acquainted with the working of municipalities and local bodies could withhold his sympathy and support from the Resolution which has been put in such lucid terms and with such explanatory details by the Hon'ble Mr. Gokhale. Intimately associated as I am with the most important Municipality of my Province for a period of twenty years, I entirely endorse all that the Hon'ble Mr. Gokhale has said. Many of the Municipalities have very slender resources; most of them are on the verge of bankruptcy; and the question of finance is one of the most important and pressing questions with most of these Municipalities. In fact, there is a consensus of opinion throughout India that the resources of these Municipalities are very slender and that these bodies require some sort of support. The present distribution of the funds between the Imperial and Local Governments, as has been so vigorously pointed out by the Hon'ble Member, is far from equitable, and a further re-adjustment on sounder and more liberal lines, in my opinion, is very necessary. Local bodies, as I have pointed out, require large finances to meet the cost of education, road-construction and many other important matters. I think the Committee which has been proposed by the Hon'ble Member will, at any rate, be in a position to place before Government full and further details on the important issues involved. The Committee in my humble opinion ought to be started, and I am sure it will be productive of excellent results both to the Government and the various Municipalities and local bodies."

RESOURCES OF LOCAL BODIES.

[*Sir Gangadhar Rao Chitnavis ; Babu Bhupendranath Basu.* [13TH MARCH 1912.]

The Hon'ble Sir Gangadhar Rao Chitnavis : "My Lord, with my knowledge of the financial condition of local bodies, I feel I must support the Hon'ble Mr. Gokhale's motion. The inquiry he recommends will be interesting in more ways than one, and will disclose remarkable inequalities in the rates of local taxation in the different Provinces, suggestive perhaps of a fairly satisfactory solution of the difficulty, without trenching upon the finances of the Imperial Government. The equalisation of this taxation will place funds at the disposal of the more needy local bodies for application to improvement of communications and the moral and the material condition of the population. At the same time an inquiry on the lines suggested by Mr. Gokhale will demonstrate the unfitness of some of the local bodies to execute the large and costly schemes modelled upon Western experience that are, not unoften, thrust upon them by overzealous sanitary experts. With these words, I beg to support the Hon'ble Mr. Gokhale."

The Hon'ble Babu Bhupendranath Basu : "My Lord, I rise to say a few words in support of the Resolution moved by my friend. It has been said by the Hon'ble Sir James Meston that local self-government has not been proved the success that it was expected it could, and he has given it a characteristic description which probably in some instances may be true. But I believe he has himself furnished the answer, and that is — the want of funds. I am speaking of Bengal, with the conditions of which I am somewhat familiar. The District Boards have so little money at their disposal and they are able to achieve so little, that their proceedings do not raise the same amount of interest in the people that they would otherwise do if they had ready funds in their hands with which they could achieve something. My friend the Hon'ble Mr. Gokhale has referred to the enormous amount of preventible deaths. In view of the speech of my Hon'ble friend Sir C. P. Lukis the other day, as to the cause of malaria and plague, it may be doubted as to whether there are any means available at present to local bodies to stop the ravages of these diseases. But whether there are any means or not to stop these ravages, certainly means may be found of affording relief to the people and mitigate the ravages of all these diseases. The answer to a question that I put in this Council, makes it quite clear that medical relief in the mufassal is very inadequate and that more must be done. With the one-anna rate that we raise in Bengal, it is absolutely impossible. The roads in the mufassal districts are more or less in a neglected condition; so are the tanks and the wells. I speak nothing of education because they have hardly any means to devote for education; on sanitation, it is still less; so that the question has become imperative as to what ought to be the resources that should be placed within the reach of local bodies, and what would make their operations more useful and productive. I will not enter into the vexed question as to whether land-tax is a rent or a tax. These are questions which are difficult to raise, and which have been raised on different occasions by different authorities. But apart from that, I will take the case on a simpler basis, namely, the resources available in the country for the purpose of taxation to enable local bodies to carry out all the works which are urgent and necessary in the interest of the areas over which they are in charge. This is a matter for careful and anxious consideration. My friend, the Hon'ble Mr. Gokhale, has pointed out that the Decentralization Commission did not deal with that aspect of the question with any sufficient amount of consideration and detail, and consequently, in view of the fact that something is going to be done, and that the matter is directly under the consideration of Government, my friend has done a public service in bringing the question forward to public notice for the consideration of Your Excellency's Government. We in Bengal have felt that so far as Provincial taxation is concerned, further taxation is not expedient and that some portion of the resources which are available for Imperial purposes might probably with advantage be made over to local bodies. That is a question which has been very carefully considered in England by a Royal Commission as to how far local bodies should go on with local rates, and how far

RESOURCES OF LOCAL BODIES.

[18TH MARCH 1912.] [*Babu Bhupendronath Basu ; Mr. Madge.*]

there should be subventions and apportionment of Imperial rates. I shall not go into any controversial questions, but taking even the case of the Corporation of Calcutta, which is, according to Indian ideals, a fairly wealthy Corporation, we have been wholly unable to find a suitable place for the recreation of the Indian population of the city. We have nowhere in the northern part of Calcutta any park or square approaching even very remotely to the Maidan we have in the south, which gives the southern part its health and its attractiveness. The attitude of Government on this point has not been altogether very favourable, and it is quite evident that the resources of the Calcutta Corporation have been inadequate. So also in the mufassal, the cry has always been that we cannot do anything. Roads are left in utter disrepair as I have said, and tanks and wells are always bad. The drinking water is hardly, what as was said by an eminent medical authority, fit even for cattle to drink sometimes during summer, so that with improved water supply cholera at least might be to a great extent prevented. For this and other reasons into which I need not go in details, I think it is desirable that this question should be carefully considered, and ways and means found to raise local self-government out of the slough into which it has fallen and to give it resources and funds which will attract better men than that at present and enable local bodies to discharge their duties with satisfaction to themselves and with profit to the public."

The Hon'ble Mr. Madge: "My Lord, everybody in this Council and out of it will agree with the Hon'ble Mover of this Resolution that health and knowledge are the most valuable gifts which any authority can bestow on any people. I doubt, however, whether the same unanimity could be secured if the question were raised of what is the best agency to employ in furthering sanitation and knowledge. I have studied as much of the divisional reports on local self-government, and the Government Resolutions upon them, as are published for general information, for some years, and the impression left on the mind is that, though some men of capacity and public spirit have been brought forward who have rendered great help, that is a remark which could not be truly made of the majority of local self-governing bodies. In many places local self-government is lagging because of the entire want of public spirit amongst the people upon whom these privileges were conferred. How far that is true, I do not pretend to decide. I think that the divisional reports seem to me not to be published *in extenso*, so that the public might ascertain what are the real views of responsible officers as to the true state of matters. The other day the Hon'ble the Home Member pointed out to us the lines on which he thought local self-government might best be developed. I do not think that there is any non-official or other members of this Council who do not wish that the people should participate more and more not only in the privileges but also in the financial responsibility of local self-government in the true sense of the word. But if the glimpses we have had of the state of public spirit in the country and the divisional reports are fairly accurate, then, although I believe that many places in this country are adapted for the further development of local self-government, I doubt very much whether many men of the right sort will be available, and I need not hesitate to say that if in the majority of districts in this country that is the case, then the investing of local bodies with funds to develop sanitation would represent a sort of degeneration in the agency employed for the purpose; for no one will say that our District Officers, our Civil Surgeons and our Engineers have not done their very best. What I desire honestly to see is the class of Indian gentlemen corresponding in education, in capacity with our District Officers, with our Engineers and with our Civil Surgeons, where such really exist, coming forward and proving that they possess the knowledge and the capacity to guide the future sanitation of the country. I cannot say that I wish to oppose this Resolution, but in the present state of matters, when we have a new Department which has just now been started with sanitary and educational powers, I should like to see what the attitude of the Government is towards

RESOURCES OF LOCAL BODIES.[*Mr. Madge ; Mr. Mudholkar.*] [18TH MARCH 1912.]

these two great branches of administration before there was any interference with them on the part of amateur local bodies. The Hon'ble Sir James Meston has pointed out to us that it would be extremely dangerous to invest local bodies with the power of spending money who will not be responsible for raising it. We are on the eve, my Lord, of a great movement of delegation, and I do not know what the Government purpose doing in that direction, or how far they think of dispensing with the power of raising funds. But I must say that in my humble opinion, if it is a question of devoting to local improvement funds raised imperially, then there will be a great objection to that course on the ground that what is raised in one part of the country cannot practically be devoted to the improvement of another. So far as our funds may come from customs-duty or any other external source, I should not object to such devotion of money to local improvement; but if it is a question of devoting a large section of the Imperial funds raised all over the country to purely local improvement, I should say that there is a serious objection to such a course."

The Hon'ble Mr. Mudholkar : " My Lord, I have been connected with local self-government for sixteen years, and recently my connexion has been of a more responsible character, and I think therefore that I am under an obligation to intervene in this debate. Leaving academic questions aside, my Lord, the Decentralization Commission has clearly made certain facts prominent, and they are that, on the whole, municipal government has been fairly well carried on in India and that municipal duties are fairly well discharged, that the different Municipalities are doing their work satisfactorily, and that they would perform their functions better if their funds were more adequate. In regard to this it is also considered by all responsible heads of divisions and the Local Governments that the time has now come when their resources ought to be increased. In regard to District Boards it is indeed said that the District Boards have not been as great a success as the Municipalities have been. In reference to that it has been pointed out by non-official witnesses and by many official witnesses that this was in a measure due to the fact that most of the District Boards were under the existing system merely registering bodies. We know that many a time things are done two months before the bills touching them are brought before the Board and their sanction obtained to the expenditure. Even a whole programme is at times gone through without their knowing that such a thing was required and was being carried out. It is admitted that the Taluka Boards ought to have greater powers and that District Boards should have greater power of initiative, and that they cannot be granted any of these powers unless their resources are extended. It is also conceded that they should have larger powers of taxation. My Hon'ble friend on my left (the Hon'ble Mr. Madge) has just now expressed a doubt as to how far the people of this country have shown their capacity in carrying on the work which is done by District Officers, Civil Surgeons, Engineers, and so on. It is evidently overlooked that many of the persons who discharge these functions in these capacities are also from among the people of this country; and further wherever a non-official has been allowed scope he has discharged his work properly.

"Turning to the matter of this Resolution, the whole question reduces itself to this. In regard to Municipalities, District Boards and Taluka Boards an advance is admitted to be necessary. It is also further proposed to grant powers to Village Panchayats. All the functions entrusted to these bodies mean money, and the question is how that money is to be obtained: whether the whole burden is to be thrown on local resources or whether some contribution—a fair contribution greater than what is made at present—should not be given out of the Imperial resources. Now that for money for local purposes the local bodies ought to tax themselves, is a proposition which I am not concerned with at present; the propriety or necessity of it is admitted by all of us in our everyday life. It is also admitted that to a certain extent at least there is a claim upon the general resources of the country. And the question arises whether claims of these various local bodies ought to be met by doles, as is the system at present, or whether the grant of Imperial assistance is to be conducted on a systematic principle. That is a question

RESOURCES OF LOCAL BODIES.[13TH MARCH 1912.] [*Mr. Mudholkar ; Mr. Mazharul Haque ; Mr. Subba Rao.*]

which demands the attention of the Council more than the mere fact of the necessity of these bodies requiring money. That we do want money is conceded on all hands. The question is, whether the present system under which they can obtain money to the extent that they are noisy or can thrust themselves forward, whether the system of scramble similar to that which prevailed prior to 1870 in the Imperial finance, should be allowed to continue. My Lord, in regard to this, I think it clearly deserves the serious consideration of Government that the principles of distribution should be laid down and that the local bodies should be entitled to--I do not say a very great portion--but to some portion of the land-revenue.

"In my own Province, nazul lands, that is, sites for building purposes, have been handed over to the Municipalities, and four-fifths of the revenue is assigned to them as their share. In regard to the land-revenue on agricultural land, a certain proportion might similarly well be granted. The one great matter which has to be considered is that there are localities which do not thrust themselves forward, and do not, therefore, get what is their due, as they do not make a loud noise. This is wrong. The whole thing should be determined on principle, on the basis of what are the true demands and what are the true resources of the various local bodies. Now, that is clearly a matter in regard to which I think the deliberations and suggestions of the Committee will be very useful to Government."

The Hon'ble Mr. Mazharul Haque : "My Lord, my excuse for taking part in this debate is that I have some experience of the Municipalities of this country. I myself have acted as a Municipal Commissioner and again as a Vice-Chairman of one of the Municipalities of Behar. My Lord, the resources of these Municipalities are no doubt very inadequate. Whenever we wanted to introduce any improvement in the Municipality of which I had the charge, I found that we could not do it because we had no funds at our disposal. It is, I believe, 14 or 15 years ago that in the district of Saran, the first district in which plague appeared in Behar, we tried to improve the Municipality of Chapra; but when we wanted to have certain improvements in one direction, we had to cripple our ordinary expenditure in other directions. The Local Government came to our aid, but that was not much of a help. The taxes in these Municipalities cannot possibly be increased. The most painful duty that I ever performed in my life was the attachment of wooden doors and door-frames of poor people. It is difficult for them to pay the taxes they are asked to pay. The highest amount of taxation allowed by law is seven and a half per cent. on the valuation of houses, and that is the amount which is already levied in most of the districts of Behar. We cannot increase this limit any further. The only remedy for this inadequacy of funds is that the Imperial Government should come to the help of Municipalities. My Lord, it is rather a difficult subject and I feel the difficulty of it. The Local Government and the District Officers are willing to help local bodies; but they have got no funds at their disposal, and I feel that if any way can be found to help District and Local Boards and Municipalities that way ought to be found."

The Hon'ble Mr. Subba Rao : "My Lord, after the exhaustive and eloquent speech by the Hon'ble Mr. Gokhale, it is unnecessary for me to say anything on the subject. I rise only to express how deeply I feel in regard to the precarious position of our Rural Boards and Municipalities. I do not wish to say anything about the large Municipal Corporations in the capital cities in different Provinces. It is opportune that the Hon'ble Mr. Gokhale has brought forward this Resolution now, as the recommendations of the Decentralization Commission are now engaging the consideration of Your Excellency's Government. I was examined as a witness before the Commission, and I gave my experience with regard to these bodies. The problem with which Local Boards are now grappling may be briefly described as to how to make bricks without straw. The responsibilities laid on these bodies are indeed enormous and the means placed at their disposal for adequately discharging their duties are slender. I may illustrate this by a concrete example

RESOURCES OF LOCAL BODIES.

[Mr. Subba Rao : Sir Guy Fleetwood Wilson.] [13TH MARCH 1912.]

from the Madras Presidency. So far, my Lord, up to the end of 1910-11, the amount of loans outstanding against 36 out of 61 Municipalities in that Province is nearly 27 lakhs of rupees. Yet there are still large schemes before them, such as drainage, water-supply, etc., that have to be financed and carried out. The most important question to my mind in connection with Local Boards is how to make local self-government popular and enlist local patriotism and enthusiasm in its cause. I may say, my Lord, that so long as these bodies have not the means to adequately discharge the duties entrusted to them, their administration cannot be expected to be viewed with favour by the people concerned, who feel more the burden of the taxes imposed on them and do not realise adequately the benefits conferred on them. I trust, my Lord, that the Government will give their earnest attention to the important problems raised by the Resolution and place local bodies in a position where their administration may be both popular and efficient."

The Hon'ble Sir Guy Fleetwood Wilson: "My Lord, Mr. Gokhale has told me that whenever I begin by paying him a mild compliment I invariably end with something very discouraging. On this occasion, therefore, I will not compliment him, as I should much like to do, but I will instead reserve a little word of encouragement for the end.

"I am glad to have the opportunity afforded me by this Resolution of expressing my views on some of the aspects under Indian conditions of a very difficult problem. The Resolution, in fact, raises the whole question of the division between Government on the one hand and local bodies on the other of the sum total of public duties and public revenues, and this question is one the extreme difficulty of which will be obvious to any one who will even glance at the history of local self-government in England for the last fifty years.

"In England, however, we have at any rate a general similarity in the conditions under which local bodies are working, and we have one central supervising and controlling authority for all of them. In India, I will not call it a special difficulty, but we have this further complexity, that between the Central Government and the local bodies we have interposed a number of Local Governments.

"This seems to me the primary fact in the present discussion.

"It leads me to question how far it is desirable to discuss, in their general application, the questions raised by the Resolution, and it convinces me that the appointment of a Committee of the kind proposed by the Hon'ble Member is not desirable.

"Mr. Gokhale would have us send a Committee roving through India. They would encounter, I need hardly say, the most diverse conditions. In every Province they would discover a different Municipal Act, a different District Boards Act. In one locality they would find octroi the mainstay of the Municipalities or District Boards, contributing to the Local Government for village police; in another direction octroi is non-existent and the District Boards retain the whole proceeds of the local cesses. And through all these different conditions the Committee is to move recording findings and making recommendations to which the Local Government, which is primarily concerned, may be entirely opposed. That to my mind is a fatal objection to the proposal.

"But the Hon'ble Member may say—'the issues are such as only the Imperial Government can settle.' Let us examine that position. It means that, should the resources of local bodies be found to be insufficient, the Imperial Government may be called in to supplement them either by grants-in-aid or by the diversion to local needs of taxation which at present is devoted to general purposes.

"But as regards grants-in-aid I think it will be admitted that we have done all we could do in our recent grants for Sanitation and Education; indeed, I cannot remember that in this direction our action has been criticised, and it is sufficiently obvious that in this matter we cannot forestall the future but must guide our course according to the conditions of successive

RESOURCES OF LOCAL BODIES.

[13TH MARCH 1912.] [Sir Guy Fleetwood Wilson.]

"In considering the possibility of appropriating for local purposes the proceeds of some of our general revenues, it is plausible to say that we should lay down a general policy. But my point is that a question of this kind cannot be decided on general grounds, irrespective of the needs, both provincial and local—of the different administrations. I cannot, that is to say, contemplate the transfer of revenue on *a priori* grounds without regard to actual requirements, and if the question were to come before me I should have to consider it not for India as a whole, but for the particular Province whose case was under consideration.

"It has always to be remembered that, in spite of all superficial distinctions, there is a substantial unity in the objects of local and of general State expenditure and in the funds from which they are both met, and we reach the firmest ground by considering the different authorities concerned as partners in a common business. This being so, the question arises, why give a preference to the local representative of the firm? The answer no doubt is in the most general terms,—in order to encourage the growth and activity of representative institutions. With that answer I have no quarrel; I recognise to the fullest possible extent the desirability of the purposes which it implies. But a survey of local requirements would have to be supplemented by a survey of Imperial requirements if we are to hold the balance equally between the two; and such a survey opens up almost illimitable investigation.

"It is easy to quote the grants-in-aid voted by Parliament in England from Imperial funds; but Hon'ble Members will not find it so easy to prove any analogy between England and India in regard to this."

"In England we have no Provinces with permanent settlements; here the grants from the Imperial exchequer go to Provincial funds and the grant-in-aid is apportioned by the Province.

"It seems to me that the invocation of assistance from general revenues places us on the horns of a dilemma. For on the one hand it can scarcely be urged that funds should be made over to local bodies without any specification of the purposes which justify the transfer. And on the other hand, if any appropriation is to be indicated, it seems unnecessary to consider the requirements of local bodies as a whole. For these requirements can be analysed as requirements for education, for sanitation, and so on. It is just as easy to move that the grant for primary education or for sanitation should be increased, as to move that a general addition should be made to the resources of local bodies, and so much of the increased grant as appertains under the accepted division of public duties to local bodies will then find its way automatically, as it has done in the distribution of grants in the last two years, into the funds of the authorities who are responsible for the expenditure.

"Finally, I may refer in this connection to the recommendations of the Decentralization Commission. It is scarcely necessary for me to point out that they cover, to a large extent, the same ground as the present Resolution. That these recommendations are still under consideration is a fact to which I draw attention, not as barring the acceptance of the present Resolution, but as indicating its inherent weakness. The recommendations of the Decentralization Commission will be considered in the light of the opinions offered by Local Governments. Mr. Gokhale's Resolution proposes to ignore, if not to over-ride, those opinions, and it is on that ground first and last that I am obliged to resist it.

"I have no desire to disparage local administration. On the contrary, I am as keen as is Mr. Gokhale to foster it; but beyond saying that, I am afraid I cannot give any encouraging reply.

"I hardly think, however, that Mr. Gokhale can have expected the Government of India to accept this Resolution. I think rather that what he especially desires is to bring prominently under consideration the necessity for developing local interest in local matters by local people. Mr. Gokhale himself put the case admirably on the last occasion when he dealt with the subject in this Council. He said :—

RESOURCES OF LOCAL BODIES.

[Sir Guy Fleetwood Wilson; Mr. Gokhale.] [18TH MARCH 1912.]

One of the most important, and at the same time most difficult, problems connected with the government of this country is how to reform the character of the district administration and bring it into closer association with those who are affected by it.

"The day will come, I hope, when local bodies will throw themselves whole-heartedly into the improvement of their districts, and I trust that that time is not so very far off. But it must be borne in mind that nothing is so likely to arrest, indeed to throw back, the cause of local self-government as the misapplication of public funds entrusted to local bodies before the latter are fit to administer them.

"Mr. Gokhale will say that I am giving him but cold comfort by the usual indication that action in the direction which he indicates is premature; but I would bid him be of good cheer.

"Whenever Mr. Gokhale advocates a policy to which he attaches much importance, I am irresistably reminded of the Indian juggler who sows a mango seed in a flower pot and covers it over with a cloth. In an extraordinarily brief space of time he removes the cloth and behold there is a goodly mango tree in full bearing. So it is with Mr. Gokhale. He advocates a certain reform. We give him the mild answer which turneth away wrath, and we think we have, before us an appreciable breathing time. But Mr. Gokhale has sown his little seed in his little flower pot; he has covered it over with his little cloth, and within an incredibly short space of time he removes his little cloth and presents to our astonished vision a tree bearing, not only leaves, not only buds and flowers, but a goodly crop of wholesome fruit.

"It is for this reason that I bid my Hon'ble friend be of good cheer, although I cannot accept his Resolution."

The Hon'ble Mr. Gokhale: "My Lord, I was glad to hear the assurance which the Hon'ble Sir James Meston gave that the Government will consider the opinions expressed in the course of this debate in passing final orders on the recommendations of the Decentralization Commission. The delay in passing such orders has already been very considerable, and I hope the question will be dealt with very early now. Of course, we know that the wheels of the Government do grind slowly; only I am not sure that they grind 'exceeding small.' However, I sincerely trust we shall not have to wait very much longer now.

"As regards the question of land-revenue—whether it was rent or tax, and whether I was right in including it among the proceeds of taxation—the Hon'ble Member has raised again the old controversy to which by anticipation I had briefly referred. I will, however, mention in this matter a great authority on the subject—an authority which I hope will satisfy even the Hon'ble Member. One of the most distinguished Finance Ministers that the Civil Service ever gave to India was Sir David Barbour. Now, Sir David Barbour, as I have already stated, assisted Lord Cromer in his inquiry into the income in India per head, an inquiry which was made in the early eighties. The report, setting forth the final conclusions of that inquiry, has been treated by Government, curiously enough, as a confidential document. On several occasions a demand was made in the House of Commons for the production of that report, but the Secretary of State invariably resisted it on the ground that the papers were confidential. By an extraordinary chance, however, I came across a copy of this report in the Imperial Records—I found it among a heap of books in a neglected corner. On the outside the volume had nothing to indicate that it was of a confidential character; inside, however, the word 'Confidential' was printed in a corner. I asked the librarian, as the book was there among other books, if I could use it, and he said I could, as well as any other book in the room! Now in that report, Sir David Barbour gives his deliberate opinion that our land-revenue must be included among the contributions made by the people, and he gives most excellent grounds for

RESOURCES OF LOCAL BODIES.

[18TH MARCH 1912.]

[Mr. Gokhale.]

that opinion. He says: the only 'question that has to be considered is, of the total wealth produced by the community, how much is required by the Government for the purposes of administration? It is quite clear that if the Government did not take this land-revenue from the people, it would remain with the community and would fructify in its pockets. In that respect land-revenue stands precisely on the same level as the proceeds of the salt-tax or any other taxes, and therefore in estimating the total contribution of the people for the expenses of the Government, land-revenue, he says, must be included.

"My Hon'ble friend also said that if once the principle of regular grants was introduced, there was the danger of local bodies pressing Government for more and more money, and that would be irresponsible finance." I will tell the Hon'ble Member a little story by way of answer to that. A little child that had to trudge a long way to school asked its father once to give it a penny for a bus ride. The father, however, tried to point out that children that drove in carriages were also discontented, that they aspire to drive in taxis and motors, and that it was therefore best to resist his request for a penny for a bus ride. My Lord, we are not even at the beginning of the system of grants-in-aid; when we get substantial grants, I think it will be time enough for the Government to talk of the possible abuses of the system. Moreover, the Hon'ble Member forgets that there is an important safeguard against any such abuse in this country. In England a private Member has plenty of influence: here we can only bring up questions for discussion, and until the constitution of this Council is remodelled, the Finance Department, I am quite sure, in spite of what the Hon'ble Sir Guy Fleetwood Wilson said at the end of his speech, can well go to sleep. They have nothing to fear from us, poor non-official members of this Council!

"One more remark of the Hon'ble Member I must notice, namely, that the additional centimes in France were demoralising. I have no personal knowledge of that, but I am not quite convinced that the Hon'ble Member is right. Our one-anna cess is already in the nature of 'additional centimes,' and the Government had no objection to that. If you will not have this provision of centimes, you will have to depend upon grants-in-aid or assigned revenues. How else were our rural bodies to derive their revenue? Either the one or the other way must be adopted, or else, let it be said straight off that no more money could be found for local bodies. Now, as has been pointed out by Bastable, land is the only source from which rural bodies can derive the bulk of their income. But in this country land is already taxed up to the hilt, and therefore, unless the Government comes forward to make a liberal contribution to the local bodies, I do not see any other way in which local bodies can be really helped.

"As regards what has fallen from the Finance Minister, it is quite true that there are Provincial Governments intervening between the Government of India and the local bodies. But the distribution of the proceeds of our total taxation between imperial and local is a matter that principally concerns the Imperial Government and not the Provincial Governments, who I am sure will be simply glad to pass on to the local bodies the money that the Imperial Government may place at their disposal for the purpose. Moreover, your theory is that all the revenue belongs to the Imperial Government and the money that goes to the Provincial Governments is placed by you at their disposal as your agents. If you claim that, the responsibility also to find all the money required rests on you. I can assure the Hon'ble Member that if he is able to place recurring grants intended for local bodies at the disposal of the Local Governments, they will only be too glad to pass on these grants to local bodies. Therefore, action must be taken here by the Imperial Government and not by the Local Governments.

"Then the Hon'ble Member says that recently grants have been given for sanitation. Yes, but they are non-recurring grants. You may give non-recurring grants from time to time whenever you are in a mood to do so. What I want is large recurring grants regularly provided out of the Budget for local bodies. The provision should be independent of what the state of the finances may be—prosperous or otherwise. I shall not object to additional

RESOURCES OF LOCAL BODIES ; LIFE INSURANCE COMPANIES.

[*Mr. Gokhale ; The President ; Mr. Clark ; Mr. Fyffe.*] [13TH MARCH 1912.]

taxation if necessary in order that this provision might be made. Education, sanitation and communications are services that require to be looked after quite as well as those that the Imperial Government has taken charge of. The Hon'ble Member says that if a committee is appointed, the members might look to the requirements of the local bodies, and the requirements of the Imperial Government might be left out. But all the six or seven members of the Imperial Government are constantly there and have been there, all these years, to think of the requirements of the Imperial Government. Only these two years a member has been put into this charmed circle to think about local bodies and their position. The influence of this new Department is already seen in the increased grants that we have received for education and sanitation during the last two years. I am glad that the Hon'ble Member in charge of education and sanitation is now there to put continued pressure on the Finance Department. All the other members, however, are there every day to think solely of the Imperial requirements. My Lord, it is the local requirements that in the present scheme of things which have no great chance of being considered. I therefore urge that Government should appoint a body to make an inquiry not into a hundred subjects, but into this one sole single subject. I am quite sure that some day or other the Hon'ble Member will have to make an inquiry, and then even the juggler's illustration may come true. But considering the assurance which has been given by the Finance Department, namely, that the views expressed to-day will receive consideration when disposing of this question, I am content not to press this Resolution to-day, and I therefore beg to withdraw it."

His Excellency the President: "The Resolution has, by permission, been withdrawn."

[*At this stage the Hon'ble SIR GUY FLEETWOOD WILSON took the chair.*]

LIFE ASSURANCE COMPANIES BILL.

The Hon'ble Mr. Clark: "Sir, I beg to move that the Report of the Select Committee on the Bill to provide for the Regulation of Life Assurance Companies be taken into consideration."

The Hon'ble Mr. Fyffe: "Sir, speaking as one who has been intimately connected for the past twenty-six years with every branch of insurance business in India, I esteem it a very great privilege and honour that I should have been permitted to occupy a seat, as an Additional Member of this Council, during the discussion of the life assurance legislation which is now engaging our attention. Insurance is a business that may, I think, fairly claim to be a mainstay of the commerce and industries of the world ; and that branch of it with which we are at present concerned is by no means the least important."

"The legislation that we are endeavouring to frame has been under discussion since 1907, and its provisions have consequently been the subject of mature and prolonged deliberation. For a considerable time past visible and distinct signs and indications have pointed to the urgent need for the protection by the State of the insuring public in this country. The advantages of life assurance are gradually beginning to be apparent to various classes of the people of India, and the consequent extension of the business has been naturally attended by the formation of many new companies. In the peculiar circumstances of this country it is inevitable that there should be inexperience, and lack of knowledge, and that there should be a conspicuous absence of trained advice and expert opinion. In such a state of affairs the intervention of the Government must make for the public good, provided of course that it is on sound lines, and that it has for its object the introduction and maintenance of the true principles upon which life assurance business, to be successful, must be transacted. State assistance and State control have been found to be necessary

LIFE INSURANCE COMPANIES.

[13TH MARCH 1912.]

[Mr. Puffe.]

in other countries of the world, and it is hardly likely that the young companies which have already come, or are now coming, into existence here will be able to succeed without the support of legislation. It may be accepted, therefore, that the legislation was inevitable: it was bound to have come sooner or later, and in my opinion it ought not to be, and in fact could not be, longer deferred.

"I think I am justified in claiming that it would be difficult to overrate the advantages to the people of India of the development of life assurance upon sound principles, and subject to efficient administration and supervision. There is no need for me to detain the Council by an enumeration of these advantages, as they are much too well-known to require to be specified or tabulated. On the other hand, the evils which must accrue from life assurance conducted on unsound principles, and without effective control, are equally apparent. They cannot fail to cause widespread distress, and to involve many innocent persons in serious loss and suffering. And they are mischievous in their effects, because they tend to hamper the operations of the good companies, and so to hinder the progress of life assurance. The tendency to offer to the Indian public the so-called benefits of life and other forms of insurance maladministered, which has grown to such dimensions in recent years, ought therefore in the general interest to be promptly checked.

"To my mind one of the most satisfactory features of the discussion that this Bill has evoked is the striking unanimity of opinion from all parts of India as to the need for legislation. The complete absence of adverse criticism is a most encouraging sign, and the fact that the Bill has been warmly welcomed by those best able to judge of the conditions, proves that there is lurking in the distance the possibility of disaster to those who have been so ill-advised as to invest their savings in companies that are now struggling to justify their existence. Among these investors the illiterate and unsophisticated naturally claim our first attention: they are unable to protect themselves, and they must manifestly be protected by the State. But in addition to them there must be many others who are certainly not illiterate, but who, with the ignorance and carelessness always so noticeable in insurance matters, take no pains to satisfy themselves of the financial stability of the concerns to which they entrust their money, or who permit themselves to be influenced by attractive terms and visionary advantages. There is a most unfortunate tendency to resort to the cheapest market, to insure in the office that charges the lowest rates, and to make no inquiries as to whether or not the office is likely to be able to fulfil its obligations.

"This is the tendency in every country, and it prevails here as elsewhere. Obviously it offers a dangerous and seductive temptation, if not to deliberate fraud, at any rate to the employment of reckless and hazardous methods of attracting business. It cannot result otherwise than in ultimate loss, and I have no hesitation in saying that in India it has already brought about a most unhealthy condition, which is, not merely prejudicial to the promotion of insurance business, but which if it is not modified will be detrimental to all interests and to all classes.

"I firmly believe that it was a good day for India when the Associated Scottish Life Assurance Companies in 1907 pressed on the Secretary of State the need for the consideration by Government of legislation on the lines of the English Statute. The Act of 1870, which was then in force, has been since superseded by the Act of 1909, and this new Statute is the model upon which the Indian Bill has been cast. Speaking for myself personally, I should have been glad to see a somewhat stricter enactment; but on the whole, and as a beginning, I think that the Bill will to a great extent fulfil its purposes. At the same time it will not be wise to depend too much upon what it may be expected to bring about. For example, too much must not be anticipated from the publication by companies of information as to their financial standing, authorised, subscribed and paid-up capital, and investments, etc. I do not believe that publication will be sufficient to clear the air, without the closest supervision on the part of the officers responsible for the administration of the Act. The salutary effects of publicity, although no doubt they will be considerable, ought not to be relied on too exclusively at present. I am not alone in

LIFE INSURANCE COMPANIES.

[Mr. Fyfe.]

[18TH MARCH 1912.]

this opinion, and I would like, with your permission, to quote the views of one in India who has given this matter very considerable and very intelligent study. 'Conditions in India,' this observer writes, 'are entirely different to those in England as regards publicity and informed criticism. Publicity in the English sense does not and cannot exist where, even if the difficulty of many alien tongues were got over, the ignorance of the public in the principles of joint stock enterprise and its results as shewn in accounts, renders the publication of the results of the working of a life company of use to a very limited number. Informed native criticism of published accounts may be said to be non-existent.' This statement is unfortunately only too true. The mere publication of the accounts and the reports of companies will not be sufficient by itself. It is only the thorough and effective administration of the new law that can bring about in India a sound and prosperous situation such as has been obtained in England by well planned and efficiently administered legislation.

"The requirements upon which the commercial community have laid stress, other matters in the Bill being subordinated to these, are:—

- (a) the administration of the Act by an Insurance Department;
- (b) a substantial deposit; and
- (c) the limitation of investments.

"Any legislation that fails to provide for these requirements, which are necessary for the elimination of unsound companies, and for the satisfactory management of new companies, will not, it is felt, stand a good chance of success. In these three most important respects, it must be admitted that the Bill, as now before the Council, does not reach the standard prescribed by commercial opinion. But as regards the first requirement, it is distinctly satisfactory to have learnt from the Hon'ble Mr. Enthoven, when presenting the report of the Select Committee on the Bill, that the Government intend to establish in India a qualified Government actuary who will deal with the accounts and statements of life offices as the Act requires. I feel that this is satisfactory, because it is the beginning of what is in my opinion essential: At the present time the actuary is almost unknown in India; and in his absence it would be a problem to know how to ensure compliance with the provisions of the Act without resort to the actuarial profession in England.

"As regards the second requirement, it is to be regretted that the initial deposit is not to be more substantial. The size of a company is not necessarily a criterion of its financial stability; and there may be companies that are so small as to be unable to deposit a lump sum of Rs. 1,00,000, and yet are worked on sound lines. The idea of requiring only a small initial deposit is—as the Hon'ble Mr. Enthoven at the same time stated—to prevent the possibility of the Act crushing out companies coming within this category. For myself I regard this as being in the nature of an experiment, and I am a little doubtful as to what the result will be; for there is no information before the Council as to the number of such companies, and this is a very important point.

"There is a very great difference between an initial deposit of Rs. 25,000 (or somewhat more in certain circumstances) to be increased by annual instalments to Rs. 2,00,000, and a deposit of Rs. 1,00,000 or Rs. 2,00,000, as was recommended by the Bengal Chamber of Commerce and other bodies. The larger deposit would have the effect of eliminating immediately the unsound companies that are now carrying on life assurance of a doubtful and unprofitable character. But now the Act as modified will take time to bring about this result, and it may be that greater loss will be consequently inflicted upon policy-holders than they would have to sustain if the more drastic method had been adopted. On the other hand, the small but sound companies have been considered, and it must be admitted that there is some force in the argument that they ought not to be crushed out of existence merely on the ground that their business is small. Speaking for Sir Cecil Graham and myself, we accept the course that has been thus taken, trusting to the future amendment of the Act should time and experience show such to be necessary. We have not on this point recorded a note of dissent to the report of the Select Committee, as we realise that our proposal for a deposit of Rs. 2,00,000 has been met in a sense, inasmuch as every company will eventually deposit that amount, although the deposit will be made by instalments instead of in a lump sum.

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.] [Mr. Fyfe ; Mr. Mudholkar.]

"I now turn to the third requirement, namely, the proposed limitation of investments. The principle of absolute freedom, which is a feature of the English Statute, has been retained, no modification in this respect having been made in Select Committee. My own opinion is that for Indian companies limitation in some form is most desirable, and that without it the utility of the Act is likely to be sensibly diminished. It is, however, the view of the Government that to restrict investments to certain specified channels is not practicable, at present at any rate ; and if this view is to prevail, the alternative course that has been adopted may be accepted for the time being as the next best. It is known to the Council that this alternative course is the publication of accounts as prescribed by the Bill. I have already expressed the view that too great a value may be attached to publicity, and in this matter of investments something more than publication, in the Government Gazettes, of the accounts, investments, balance-sheets, etc., of companies is, I venture to think, required. At the same time it must not be forgotten that the Act provides for the winding-up of doubtful and insolvent concerns ; and it may be anticipated that, with the assistance of an expert actuarial adviser, the Government will be able, even under the Act as it stands, to direct public attention to those concerns whose investments are unsatisfactory or dangerous.

"I have now specified the various points in respect of which I would have welcomed a more stringent measure ; but even as it stands, the Bill is one which must be received with satisfaction. In certain points it may be, to my way of thinking, defective, but it has many real merits, not the least of them being that it will have the effect of quickly bringing to grief the unscrupulous promoter or speculator who seeks to exploit the illiterate and the unwary. And, more than this, it will assist the public to discriminate between sound and unsound companies. It will further the interests of the former, while it will impede the mischievous operations of the latter ; and it will also quicken and promote life assurance throughout the whole country. In this connection I would like to say one word with respect to the great British offices that are familiar with, and have accepted in various parts of the world, legislation somewhat similar to the Bill before us. These offices already submit to the Board of Trade statements of their Indian business, but they will now be brought closely into touch with the administration of our Act ; and they will naturally scrutinise our methods with care and attention. They will no doubt compare them with those obtaining elsewhere, and I think we may confidently expect that they will subject any shortcomings on our part to the most mature expert criticism.

"Sir, this Bill has been the subject of widespread discussion ; it has been a difficult Bill to adapt to the complex conditions in which life assurance is carried on in this country ; and to the Department responsible for its preparation, and to the Hon'ble Member in charge, I venture to offer my congratulations. They have had to meet a situation by no means easy, and have succeeded in introducing a measure that can be fairly regarded as a promising beginning in Indian life assurance legislation."

The Hon'ble Mr. Mudholkar : "I accord my full support to the motion of the Hon'ble the Member for Commerce and Industry that the report of the Select Committee be taken into consideration. While the Bill was under consideration in the Select Committee, I had to bring forward some amendments, and to-day also there are some amendments standing in my name. But none of these in any way impair the essential features of the Bill. The desire to make provision against sudden accidents breaks-down old age and death, which is spreading more and more amongst the people of this country, is a movement eminently in the right direction and deserves the encouragement of the men of light and leading in the country and of the Government. But if it is a beneficial movement on one hand, it is also one which is peculiarly open to abuses resulting from the operations of selfish or wily speculators. This danger is not peculiar to this country. Even in England with its great spread of education amongst the masses and the business-like methods, so prevalent in all classes of the community, hundreds of thousands have suffered from the manner in which but too many assurance companies conducted their business. In the quarter of a century which preceded the Act of 1870, out of 285 life offices,

LIFE INSURANCE COMPANIES.

[Mr. Mudholkar.]

[13TH MARCH 1912.]

which had come into existence during that period, 174 had ceased to exist, leaving only 111. At the time that that Bill was on the legislative anvil, we are told that there were no less than 50 life companies being wound up in the Court of Chancery. Only a few months before the Act of 1909 was introduced into Parliament, questions were asked in the House of Commons about the harm done by the speculative dealings of several insurance companies. The need however of protective legislation in India is beyond question, and several Indians whose sole care in such matters is the well-being and protection of the persons who have insured their lives in insurance companies and who are anxious for the establishment of Swadeshi business on sound lines, will welcome this measure, which we are now considering to-day.

"The Hon'ble the Member for Commerce and Industry, in his speech introducing this Bill at Simla in September last, used an expression which created some uneasiness amongst some of my countrymen. The agitation, which had preceded the drawing up of this measure, was conducted by some people on lines not very sympathetic for the growth of indigenous business. The use of that unfortunate expression 'mushroom companies' by the Hon'ble Member created fear in some quarters that the existing small companies would be practically suppressed and that there would be very limited scope for new life assurance companies carried on a small scale. The deposit of one lakh required by the Bill, as was originally framed, would have worked hard not only against these small companies, but would have done very serious injury to thousands who have effected assurances with them. The important change, which since the introduction of the Bill was made in clause 4, has given satisfaction to *bona fide* concerns carried on by Indians, as also to the large body who had got their lives assured with those companies. The Government and the Hon'ble Member in charge of the Department of Commerce and Industry are entitled to the grateful thanks of these people.

"But though the Bill, as it has emerged from the Select Committee, is an improvement upon the original draft so far as the matter of deposit goes, in two other matters some disappointment is caused by the attitude taken. In regard to the investment of the life insurance fund, there is a very general feeling that the insured require greater protection in India than elsewhere. The Local Governments and individuals, who have knowledge of the country, have pointed out cogently that simple and uninformed as the bulk of the people who get their lives assured are, it is the duty of the Government to see that they are not made the dupes of speculators or cheats. It has been pressed upon the Government from almost all sides that it would be unsafe to allow to companies to carry on life assurance business in India, with the same unrestricted freedom of action in regard to the investment of the policy-holders' money as is permitted under the English Act. It is said with great force that under the peculiar circumstances of this country, the life assurance fund should not be allowed to be invested in any except undoubtedly good and safe securities. The Hon'ble the Member in charge of the Bill, however, told the Members of the Select Committee that the policy of Government in this matter was to legislate on the lines of the English Act. The English Act, I quite admit, allows the fullest freedom as to selection of investment, and trusts to publicity as a protection against fraudulent or incompetent management. It is this principle which has commended itself to the Government of India and to the Secretary of State. The Government are not, we are further told, prepared to depart from this distinctive character of the English Law of Insurance Companies without taking the matter again to the Secretary of State. It is a pity that in a matter of this kind the discretion of the Government of India should have been so fettered. There is no doubt that the Secretary of State and his advisers who were conversant with the English system, enjoin it upon the Government of India to proceed upon the line of the English Act because they considered that to be the best for the people of India also. We do not know how far any consideration was bestowed upon the fact that assurance and insurance business are an exotic in India, and that over and above the ignorance which prevails amongst the masses, there is even amongst the educated classes a total lack of knowledge on the subject. It is very probable that the Secretary of State had no idea that there would

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.]

[Mr. Mudholkar.]

be such a consensus of opinion in favour of placing some limitation on the power of insurance companies to invest the fund in their charge. The opinions which have been received by the Government, however, place this matter beyond dispute. The Bombay and Karachi Chambers of Commerce, the Indian Merchants' Chamber and Bureau of Bombay, the Bengal Chamber of Commerce, the Calcutta Trades Association, the British Indian Association, the Bengal National Chamber of Commerce are all in favour of permitting the investment of the assurance fund only in certain securities. The majority of the local Governments hold the same view. It was greatly to be desired that the Government representative in the Select Committee had accepted the view of the non-official members of the committee supported as it was by a body of such weighty opinion. We do not understand, we feel unable to comprehend, why in such matters the hands of the Government of India should be so much tied down. With our reformed Councils, with the views of the different sections of the Indian community and of the European mercantile community to serve as a guide and index to the needs and requirements of the people and of the mercantile community, the Government might well have been allowed some free hand in a matter, in which Indian opinion and European opinion, the view of local Governments and the view of men belonging to the people were in agreement. What we want is a better safeguard for the interest of the policy-holders. The life assurance fund belongs to them and no company would be justified in employing it in a manner which would endanger its existence. Even the framers of the English Act of 1870, which preceded the Act of 1909, admitted that the balance of the premium beyond the amount set apart for expenses and bonus and profit to share-holders in proprietary concerns should be sufficient with accumulations to pay the policies to the assured and that this should be considered sacred. Indeed it was suggested by some people in England that the tampering with it should be made a misdemeanour punishable by fine and imprisonment. We do not want to go so far, but we do urge upon the Government that India is not yet so far advanced as to provide the check which knowledge and public opinion supply in England. As I am going to move a specific amendment in the matter, I need not say more on the subject.

"The other matter in which we are keenly disappointed by the Bill, as it has come out of the Select Committee, is the new clause 34. If policy-holders in India have to be protected against unsound Indian companies, they require still greater protection from unsound foreign companies. So far as Indian companies are concerned, there would be in the majority of cases some possibility of obtaining at least partial relief. Against misappropriation and cheating the terrors of the criminal law would generally be deterrent, but this protection does not exist in the case of foreign companies. Apart from the criminal law, Indian companies would have at least some Indian members possessing property and in not a few cases the policy-holders would have a chance of obtaining satisfaction out of them. Many foreign companies, I would say the majority of foreign companies, hold no property in India. It would be most dangerous to exempt these companies from the requirement of a deposit or from the obligation to supply the return and information prescribed by the law and the rules thereunder. There is another ground for disaffection—a disaffection which may assume the form of deep resentment—and that is that, while indigenous companies are regarded with distrust and suspicion and stringent provisions are enacted for being put into operation against them, foreigners are to receive the benefit of discrimination and are to be exempted from the requirements of the law. I have not been able to find a parallel to this in the law of any other country. The English law does not grant any dispensation to a Canadian company or an Australian company or an American company, though the Canadian law and the American law are in several respects more stringent than the English law. The Canadian law and the laws of other colonies and foreign countries do not recognise the fact that English companies have made deposits in England and send returns to the Board of Trade there. Now why

LIFE INSURANCE COMPANIES.[*Mr. Mudholkar.*]

[13TH MARCH 1912.]

should this tenderness, I think we are justified in saying preference, for the foreigner over the indigenous, be introduced in the Indian laws. We are assured that the Government of India were asked to legislate upon the lines of the English Act. Where is there anything in the English Act which justifies? which can by any stretch be regarded as countenancing, such preferential treatment of outsiders? I have no animus against outsiders or against any foreigners. It is not a matter of animus. But the people of this country would have a genuine grievance and would feel exceedingly sore if the Indian Statute-book embodies a provision which accords a privileged position to foreigners over them. I do not stand alone in this protest against placing foreign companies in a better position than the Indian companies. Indeed in some of the opinions given on the original Bill, the question has been raised why British companies should receive exceptional treatment. The Central Provinces Government and the Madras Government do not see any reason for according them a privileged position. That was also the view which I held till the other day, and in the Select Committee I did move an amendment that clause 33 be so amended as not to grant dispensation to such companies. But with the greater study that I have been able to bestow upon the British Assurance Companies Act and the information I have been able to obtain of its working, I am prepared to accept section 33 as it stands. I suggested in committee that the English companies should be required to specify its Indian business in the returns submitted by them and the Hon'ble Member in charge of the Bill said that this would be borne in mind. But because it is conceded that British insurance companies, in which term I include companies registered under the English Assurance Companies Act, may be granted a differential treatment, it does not follow that the same privilege should be accorded to other foreign and colonial companies. In the first place, the relations between England and India are entirely different from those between India and other foreign countries or the colonies. The Government of the United Kingdom exercises sovereign power over India, and that Government and the people of the United Kingdom have evinced and are expected to evince greater regard for India than the colonies and the foreign countries do. There is in the former greater desire to accord considerate and just treatment to India than in the latter. In fact they admit that they lie under an obligation to promote the welfare of India while these other countries do not acknowledge such a duty. Thirdly, there is a far larger number of our people who know something of England, the English people and the English methods of doing business than there is of men who have any such knowledge of foreign countries or of the colonies. Fourthly, in very many of these countries and colonies Indians do not receive fair treatment. Fifthly, unless and until these countries and colonies are prepared to extend similar privileges to Indian companies they have no right to complain. It is therefore a matter of regret that during the Committee stage of the Bill the Government should have introduced a provision to accord a privileged position to foreign and colonial Companies. A number of objections other than those urged above can be brought forward. But in this place and in connection with this motion all that I am desirous of pointing out is that in introducing the new clause 34 not only a provision highly distasteful to Indian sentiment and prejudicial to Indian interests brought in, but the course adopted is neither conducive to convenience nor consonant to principle. This new proposal to grant exceptional treatment to foreign and colonial companies was never before the country. The Local Governments were not consulted in reference thereto. The people had no occasion to express their opinion on it. The very object of the publication of a Bill and its circulation for opinion is frustrated if an important principle which was never alluded to in—nay, which is in direct conflict with—the original scheme of the law is introduced in the Select Committee. It was never demanded by any of the Local Governments or by any important section of the people. So far as the published papers enable one to form an opinion, it was suggested by the representative of a Shanghai company to the Government of Burma. But the Government of Burma threw a wet blanket over it. Two bodies in Calcutta incidentally asked why the foreign and colonial

LIFE INSURANCE COMPANIES.

[13TH MARCH 1912.] [Mr. Mudholkar ; Sir Cecil Graham ; Mr. Dadabhoy.]

Companies should not be brought in a line with the British Companies. The Local Government did not, however, regard these observations as very serious nor can they appear to us even now as anything more than an expression of disapproval of a kind of protest against the provisions of clause 33. But apart from these three quarters, there was no suggestion made by any one that this novel 'most favoured nations' clause could be introduced into the Bill. I trust it will not be said that this course was necessitated by the privilege conferred upon British companies. For if that is the price that has to be paid for acquiescence in the special treatment of British companies then it is simply forcing the opponents of special favours to foreigners to make a stand against clauses 32 and 33 also and to say that our law should embody word for word the English law with no discrimination even in favour of England.

"I do trust that when we come to the consideration of the particular sections the Hon'ble Member in charge of the Bill will see his way to reconsider these two matters. In other respects the principles of the Bill are highly commendable and I gladly support the motion that the Report of the Select Committee be taken into consideration."

The Hon'ble Sir Cecil Graham : "Sir, I would like to associate myself with the Hon'ble Mr. Fyfe in what he said on this Bill, as I am convinced that it is a very long step in the right direction and a step that has long been wanted. As regards the three main points which the Chamber of Commerce pressed, as Mr. Fyfe has pointed out, I think the first is met to a certain extent and will eventually be met fully as things go on by the appointment of a Government actuary. As regards the second, although we pressed for a two lakhs deposit, I think perhaps, for the reasons given, that seeing we do not wish to crush out the small companies which are run on proper lines and that it is absolutely reasonable that these should be allowed to live, and seeing that the two lakhs deposit will eventually have to be forthcoming, that we may well accept the compromise which has been arrived at. As regards the third point—that of investments—I would not go so far as my friend, the Hon'ble Mr. Mudholkar, in pressing an amendment at the present moment; but I hope as years go on and the information before Government accumulates,—and the gathering of that information is, I believe, one of the main objects of this Bill,—the information I mean which at present they acknowledge they have not got and which the working of this Bill is bound to bring them—when, I say, that information is before them, I trust the Bill will be amended on the lines that we have pressed for in the Select Committee."

The Hon'ble Mr. Dadabhoy : "Sir, as one who has served on the Select Committee, I rise to offer my congratulations to my friend the Hon'ble Mr. Clark upon the form in which he has eventually placed this Bill before the country. It ought to disarm all opposition. The Bill in its present form meets not only with the approval of a large section of the public, but also of the life assurance companies. It has been thoroughly overhauled since its first introduction. It is true it goes further than the English Act in providing for Government action in winding up an apparently insolvent company and also in appointing inspectors to examine the affairs of companies. But it is useless denying that powers of this description are very essential in a country like ours. Life assurance is a subject which requires special legislation governing it; it is a subject which cannot be left to be controlled by the provisions of the Indian Companies Act. In this view, the special Act can only be accorded a hearty reception."

"Sir, the two main features of the Bill which have drawn public attention are the amount of security deposit and the treatment accorded to foreign and colonial companies. As regards the clause relating to security deposit, it has been considerably modified, and the security deposit now contemplated will enable even small companies to discharge with comparative ease the statutory obligation without dislocation of their finances. We are all aware of the organised system of fraud perpetrated by some of these companies, and some sort of protection and guard is very essential. Even life assurance is comparatively new to this country. It is only recently that the educated

LIFE INSURANCE COMPANIES.

[Mr. Dadabhoy ; Mr. Clark.]

[13TH MARCH 1912.]

classes have taken to it and the masses are still ignorant of the benefits of life assurance. The smaller companies indeed serve a useful purpose in familiarising men of ordinary means and limited experience with the advantages of life insurance; but to that class of firms with limited means the clause will inflict no serious hardship. There are very important powers taken in this Bill by Government, such as powers of audit and scrutiny. They are, in my opinion, very necessary for the protection of the interests of the insuring public.

"There is also an important section in the Bill, section 42, by which power has been reserved to the Governor General in Council to exempt life assurance companies from all or any of the provisions of this Act, and the enforcement of this provision will prevent any particular hardship. Such a provision was extremely necessary in view of the limited experience at present available in this country in regard to this class of legislation. No serious objection can be taken to the Bill in the form in which it is presented. I therefore have the greatest pleasure in giving my unqualified support to this Bill."

The Hon'ble Mr. Clark: "Sir, I greatly appreciate the generous language which has been used about this Bill by the Hon'ble Mr. Fyffe and other Hon'ble Members who have spoken this afternoon. I should like in turn to express the acknowledgments of Government to the Select Committee for the great assistance we received in dealing with such a technical subject. We especially owe a debt to the Hon'ble Mr. Fyffe, who has been prepared to give up so much of his time this cold weather, in order to become a member of this Council especially in connection with these Bills and to place at our disposal a very wide knowledge and experience of insurance matters. I am also greatly obliged to him and the other Hon'ble Members who signed the first minute of dissent, which, as the Hon'ble Sir Cecil Graham has said, is really scarcely a minute of dissent at all, for the very moderate and reasonable manner in which they have put forward their views.

"I turn now to what has been said in this preliminary debate. The Hon'ble Mr. Fyffe referred to three special points on which the commercial community hold strong opinions. The first of these was that the new insurance measures should be administered by an Insurance Department. We are not able to meet him absolutely to the extent which he asks. The insurance work will in fact in future form part of the duties of the department over which I have the honour to preside. We have already asked the Secretary of State to supply us with a fully qualified actuary to help us in the investigation of the returns and statements to be furnished under the Bill. That is a beginning of course. In time, if work largely increases under the Bill, it may mean the development of a branch of our office. But we are largely meeting the Hon'ble Member. He urges that we must have expert assistance to work a Bill of this kind and that expert assistance we are going to get.

"The next question is the question of the initial deposit. This is a matter which has given us very great difficulty and which we have considered very carefully. The original deposit fixed in the Bill, as the Hon'ble Members will recollect, was one lakh. The Bengal Chamber of Commerce and the Hon'ble Mr. Fyffe advocated that the sum should be raised to two lakhs. Now, I do not for a moment question the good faith of the Bengal Chamber of Commerce or of the Hon'ble Member in putting forward that proposal, and I entirely sympathise with their object which is to put an end to unsound insurance companies; but while the Hon'ble Member is entirely justified from his point of view in putting forward that proposal, Government has a somewhat heavier responsibility. We have to be as sure as humanly speaking we can be that we are not injuring the sound companies which are working on a small capital. In point of fact we do not know yet as much as we should like to about these Indian companies, though in time we shall get further information under this Bill. There has been a very considerable discrepancy of opinion in this matter. The Bengal Chamber of Commerce, as I have said, advocated a deposit of two lakhs; on the other hand, the Government of Madras, in view of the memorials laid before them, considered that it would be unfair to impose on existing companies

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.] [Mr. Clark : Mr. Mudholkar.]

the obligations of finding so heavy a deposit as even one lakh, unless discretion were allowed to have the deposit made by a number of annual instalments. A well-known and perfectly sound society whose funds are deposited with the Official Trustee came to me and showed me that their total funds at the present moment only amounted to about three-quarters of a lakh. In the provision which we have adopted, we are following the model of the Western Australian and Southern Australian Acts, but in one particular we go further than they do. In those Colonies, although the amount to be worked up to eventually is larger than in our Bill, and the proportion of receipts to be deposited is $\frac{1}{2}$ instead of $\frac{1}{3}$ rd, no initial lump sum is required. I can assure Council that Government have considered this matter most anxiously and carefully with the sole end in view of arriving at an amount which, while affording reasonable security against the growth of fraudulent companies, will not be unduly burdensome on small but legitimate business; and allowing for the difficulty of obtaining adequate data, I venture to hope that we have arrived at a not unreasonable solution. I am very glad to hear that the Hon'ble Members opposite accept what we have proposed as at any rate a fair beginning.

"The third point is the question of restriction of investments. Hon'ble Members representing the commercial community would like to have seen provision made for securing that the life assurance funds should be invested separately from any other funds of the company. The Hon'ble Mr. Fyffe moved an amendment in committee to restrict the investment of life assurance funds to securities specified in the Trusts Act of 1882 at any rate as regards the investment of a proportion of the fund. The Hon'ble Mr. Mudholkar has an amendment on that subject, and I understand that he intends to move it, and I will therefore reserve my remarks until the amendment is moved. But I may say generally that the Hon'ble Mr. Fyffe has placed the attitude of Government very fairly before Council.

"I now come to the Hon'ble Mr. Mudholkar's remarks. Most of his remarks deal with amendments which he is going to move, and I will reply to them later *seriatim*. It is hardly necessary to go twice over the same ground. He made one statement which I did not follow very clearly about something when the Bill was introduced in Simla. He referred to a speech supposed to have been made by my friend the Hon'ble the Law Member."

The Hon'ble Mr. Mudholkar: "No, the Hon'ble Member in charge."

The Hon'ble Mr. Clark: "The substance of what he said was that we proposed in the first place to kill companies right and left. We did not propose anything of the sort. Our whole object has been only to stop unsound practices and as I have just been explaining especially not to injure companies which although sound are working on a small basis and on a small margin. I do not think that I need refer further at this point. With your permission, Sir, I will ask the Council to proceed to the amendments."

The motion was put and agreed to.

The Hon'ble Mr. Mudholkar: "Sir, I beg to move that to clause 5 of the Bill as amended by the Select Committee, before the explanation, the following addition be made, namely :

'The life assurance fund of every life assurance company shall be invested in one or more of the securities mentioned in clauses (a), (b), (c), (d) and (e) of section 20 of the Indian Trusts Act, II of 1882, and in no others.'

"Sir, the more important reasons on which I base my amendment have already been dealt with by me in the speech which I just delivered. I do not propose to occupy the time of the Council by going over them again. I would only like to supplement what I said then by a few observations. It was pointed out here, in this Council, by Mr. Fyffe, who is an authority on these matters, that in the condition of India it is very necessary that the same unrestricted freedom which is accorded under the English Act to English companies should not be extended, and that the circumstances of this country require that some limitation should be put upon the power of the companies

LIFE INSURANCE COMPANIES.[*Mr. Mudholkar; Babu Bhupendranath Basu; Mr. Fyffe.*] [18TH MARCH 1912.]

to invest the money of the policy-holders in their hands. Now, Sir, that is the opinion of an expert of 26 years' standing. We have also got the views of Local Governments; and every Local Government and all the individuals and associations consulted by them give the same opinion. The money invested with the life assurance company is in the nature of trust-money. It is money which ought not to be employed by them for other purposes than that for which it was given. It should not be allowed to be used for any speculative concern and even for the purpose of trade and commerce, unless very great guarantees are taken that no loss accrues. The Bill as it stands leaves the fullest power to the companies to employ such money, in advancing loans to individuals or even to the directors and members of the company itself. It is true that in the schedule which has been prepared care has been taken to require a specification of the purposes to which the life assurance fund is applied. That would secure—what is wanted—publicity. It would give information as to the manner in which work is being carried on, and it would enable the Government of India in the Department of Commerce and Industry to see how these companies are carrying on their business, and whether they were acting on sound lines. But that will not, it appears to me, Sir, give that measure of protection which is needed. It might only enable the Government of India to step in; but possibly they would step in after the mischief was done. What is required, and what is very necessary, is prevention—to make it impossible for the companies to employ the money entrusted to them in a manner to jeopardize the expectations of policy-holders and cause injury to them. That appears to me, Sir, a very important point, and in regard to this, there being a consensus of opinion, it is a matter in which the Government should still reconsider their position. We are told that the Secretary of State has asked that the law should be framed on the lines of the English Act. But there are the special conditions of India to be taken into consideration; and when there is the opinion of Local Governments and of men belonging to the people and of experts in entire agreement, I think that opinion ought to carry greater weight than the general lines indicated by the Secretary of State. The Hon'ble the Member in charge of the Bill has just now stated that it would be necessary to watch the operations of the Act for some time before any decision on this point is arrived at. Of course, if the Government of India have made up their mind, it is difficult for the non-official members to say anything more than to bow to the decision. But the matter is one of very great importance, and I urge upon the Hon'ble Member in charge of the Bill to consider this amendment. It would be a measure of protection which is considered necessary."

The Hon'ble Babu Bhupendranath Basu: "Sir, I rise to support this amendment. I do hope that my friend the Hon'ble Member in charge of the Department of Commerce and Industry will accept it. It seeks to introduce no new principle. This principle is admitted in the Indian Trusts Act. It only seeks to impose an additional safeguard. There are various ways which the Indian Trusts Act provides under which money may be invested, and all that this amendment seeks is that the money invested by life assurance companies shall be confined to these ways and to no other. Seeing that this Act is being introduced as a protective measure, and seeing the practical unanimity of opinion upon this amendment, I think, we may fairly claim, that we have made out a very strong case and that unless it can be shown that such a restriction will operate to the injury of the life assurance companies, I do hope that the restriction will be adopted."

The Hon'ble Mr. Fyffe: "Sir, in the same way as many years ago it was found necessary to control British companies, so now has it become necessary to control by legislation the Indian companies, and the fact can hardly be overlooked that it is unnecessary and superfluous to extend further still Indian legislation to British offices, which are already so stringently provided with legislative control. However, we are to have it, but I wish to draw attention to this important point, that the Hon'ble Mr. Mudholkar's amendment in regard to the limitation of the investment of a company's life funds in India is made to refer to clause 5 of the Bill; this point I have distinctly discussed

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.]

[Mr. Fyffe ; Mr. Clark.]

with him ; and under which clause (No. 5) exemption is already provided, and that in speaking now, my only desire is to lay emphasis on this fact, so that at any future time there shall be no suggestion made to the effect that the present amendment was ever intended to have any application whatsoever in regard to the British companies."

The Hon'ble Mr. Clark : "Sir, I think, in the first place, I ought to clear away one misapprehension under which the Hon'ble Mover seems to labour. He said that this provision has been brought into the Bill under the orders of the Secretary of State. That is not the case. As was pointed out by the Hon'ble Mr. Fyffe and by the Hon'ble Mr. Mudholkar himself in their minute of dissent, the changes they proposed were so important and represented so wide a divergence from the principles on which the English law is based, that it would have been necessary, if Government had been disposed to accept them, to obtain the sanction of the Secretary of State. This would inevitably have involved delay and possibly have led to the postponement of the Bill until the next session of the Council. That is an accurate statement of the position. The provision has not been forced upon us in any sense of the word. I now come to the merits of the amendment.

"Similar proposals were pressed on the English Government when the Assurance Act of 1909 was before Parliament and were rejected. I agree that we cannot attach too much importance to this fact in itself, because conditions in India are different to those in England, and it is at least probable that Indian companies are not so careful as English companies about the nature of their investments. Now, these proposals are in effect based on the hypothesis that Indian companies do not invest their life assurance funds in sound securities. The difficulty which Government feel in the matter is that they have not at present sufficient data to know whether this is so or not. We have no powers until this Bill is passed enabling us to demand copies of an Insurance Company's balance-sheet and Government can hardly act solely on what they read in a newspaper, however well-informed it may be. The Hon'ble Mr. Fyffe himself has not been able to lay definite information before us on that point. The provisions of this Bill will enable us definitely to ascertain where these funds are invested, and we shall then know whether the additional precautions advocated by these Hon'ble Members are necessary. I have already referred to what they say in their minute of dissent, as to the necessity of referring these changes, if Government had been disposed to accept them, to the Secretary of State. This would inevitably have involved delay, and possibly have led to the postponement of the Bill until the next session of the Council. I pointed out in Committee that, apart from any other considerations, it would be far better to run no risk of this but to pass the Bill now in its present form, and to obtain by means of the prescribed returns information as to the investments of life assurance funds ; and then if the information we obtain shows cause, we can at a later date take up the question of restricting the area of investment. I am very much obliged to Hon'ble Members for accepting that point of view. In the meantime we have in Committee greatly enlarged and improved the form of balance sheet as laid down in the Third Schedule. A separate balance sheet is prescribed for the life assurance fund, and Hon'ble Members will see, if they refer to it, that investments have to be shown in the fullest detail, and not only investments in the ordinary sense of the word, but particulars will have to be given of all loans, except loans on policies within their surrender values, made at any time during the year to any director or officer of a company, or to any other companies in which the said directors or officers may hold the position either of director or officer. This provision will not only serve to show how the funds of the companies are invested, but I need hardly point out that it will also act as a strong deterrent on any rash or unsound practices ; and I submit that it is only reasonable to obtain this information and to apply the test of publicity first before proceeding to more stringent measures.

LIFE INSURANCE COMPANIES.

[Mr. Clark ; Mr. Subba Rao.] [13TH MARCH 1912.]

"That then is the position in relation to these additional safeguards in the matter of investment. Government fully recognise the importance of the question, but I hope I have convinced Council that it would be undesirable at the present time, and on our present information, to give effect to the proposed restrictions. As I have already said, I greatly appreciate the considerate way in which the Hon'ble Members have pressed their views, and I might add that should it appear necessary at any future time to legislate further in order to effect restriction on the lines they advocate, it will be of great assistance to have their opinions on record in the Committee's report.

"I am afraid Government cannot accept the amendment."

The amendment was put and negatived.

The Hon'ble Mr. Subba Rao: "I beg to move, Sir, that in clause 33 of the Bill as amended by the Select Committee the word and figure 'section 4' be omitted.

"The result of the amendment if accepted will be that life assurance companies carrying on business in the United Kingdom, in case they wish to carry on that business in this country, shall have to make a deposit here in the same way as Indian life assurance companies.

"One of the main principles of the Bill as embodied in clause 4 is that all life assurance companies should deposit with the Comptroller General on behalf of the Governor General in Council securities which finally come up to a face value of two lakhs of rupees. To this an exemption is made in favour of life assurance companies carrying on business in the United Kingdom in accordance with the English Act of 1909. Every such company has to apply to the Governor General in Council for a declaration that it carries on such business in the United Kingdom, and once a declaration is made under section 32, it is exempted under section 33 from making any deposit.

"The question is, what is the principle requiring life assurance companies to make a deposit? I wish to draw the attention of the Council to the course of legislation in the United Kingdom on this point. Under the Statute of 1870 every new company in the United Kingdom was required to deposit with the Accountant General of the Court of Chancery the sum of £20,000 before it could carry on life assurance business, and as soon as its premiums amounted to £40,000, it was permitted to withdraw this sum. A Select Committee of the House of Lords was appointed in 1906 to report 'what steps should be taken by deposit of funds or otherwise to provide adequate securities for British policy-holders in life assurance companies which have their chief offices outside the United Kingdom, but which carry on business in this country.' The Committee after taking evidence reported that 'the deposit of £20,000 with the Accountant General of the Court of Chancery has undoubtedly had the effect of preventing the formation of mushroom companies..... The Committee are aware that this sum of £20,000 would be of little use to meet the liabilities of the larger companies who do business in this country, but they feel that if this amount were deposited and could not be withdrawn by any company, it would afford an absolute guarantee to policy-holders in foreign companies of being always able to proceed, if necessary, against such companies in the courts of this country.' So, in the Statute of 1909, the provision of withdrawing £20,000 is deleted, and it is provided that the deposit should remain permanently with the Accountant General of the Court of Chancery. I ask, Sir, should not the same protection be given to Indian policy-holders? What is the remedy of Indian policy-holders in cases of misrepresentation which are not uncommon, in case of difficulties in recovering the amount of the policy, and more so in the case of companies who after a time withdraw their business from the country, as the London and Lancashire Company has done? Let us see, Sir, in this connection how the colonies deal with the mother country itself. I am indebted to the courtesy of the Hon'ble Mr. Enthoven for lending me a copy of the report of the Select Committee of the House of Lords; there is a paper filed before the Committee by Mr. Fry, the Chief Clerk in the Finance Department of the Board of Trade, in which he gives a summary of the insurance laws in different countries. Let us take the case of Canada. The Cana-

LIFE INSURANCE COMPANIES.

[13TH MARCH 1912.] [Mr. Subba Rao ; Mr. Clark.]

dian Act requires a deposit of 50,000 dollars in approved securities, and the liabilities must never amount to more than the assets actually invested or deposited in the Dominion. Let us now turn to South Australia. There should be an initial deposit of £5,000 rising to £20,000 in approved securities, and such securities are primarily charged with the payment and satisfaction of all the liabilities of the companies in South Australia. Similarly, in West Australia, the minimum deposit is £10,000 rising to £20,000, the securities being charged with liabilities in Western Australia. So also in New Zealand and Cape of Good Hope. In Ceylon the law is equally stringent as regards deposit.

"Let us now take foreign companies. In the United States, each State has its own law, modelled on the New York Life Assurance Act of 1892, which requires a deposit of \$200,000 in approved securities; on discontinuance of its business, every foreign life assurance company may withdraw one-half of its deposit on covenanting for the security of all its outstanding policies issued in the United States. In continental countries, the measures taken to protect the interests of their policy-holders are much more rigorous. In Austria-Hungary, for instance, every company has to deposit securities to the amount of 200,000 crowns, which deposit must be increased from time to time so as to be at least equal to the full amount of the company's premium reserves. In Germany, the law requires that the full premium reserves on German assurances shall be deposited in Germany and remain there under the control of the Imperial Insurance Department. So also in France the law provides for a constitution of adequate reserves and prescribes a list of securities in which the companies have to invest their funds.

"Thus a survey of the laws in the Colonies, the United States, and the Continent goes to show that a deposit of a certain sum of money is compulsory on all companies carrying on business in these countries, and in some countries preference is shown in some matters to indigenous companies over foreign companies. I submit, therefore that there is no reason for exempting the companies doing business in the United Kingdom from making a deposit in this country. The deposit in the United Kingdom does not make an additional deposit in this country superfluous or vexatious. In fact, the object of requiring the deposit is not only to deter unsound companies from coming into existence, but also to give some sort of guarantee to policy-holders to proceed against, and recover their monies from, foreign companies. Therefore, Sir, it seems to me that the companies carrying on business in the United Kingdom according to the English Act of 1909 should be required to make a deposit here, especially when they make a deposit in the Colonies and on the Continent. After all, it is a flea-bite to these companies, which are said to be very sound companies with a large capital and plenty of money in reserve, to make a deposit of only two lakhs of rupees; on the other hand, it would be a safeguard and protection, however inadequate it may be, for the policy-holders here. I therefore move this amendment, and press it upon the attention of the Council, and I hope it will have a better reception than that which has been accorded to the amendment moved by my Hon'ble friend Mr. Mudholkar."

The Hon'ble Mr. Clark: "Sir, the Hon'ble Mr. Subba Rao and the other Members who signed a minute of dissent on this subject said: 'We recognise fully that the provisions of the English Assurance Companies Act of 1909 and the strict manner in which compliance with its requirements is enforced, do afford some measure of protection to persons who assure their lives with them' (that is, with the English companies). That is to say, if I interpret their views correctly, they recognise that we are justified in making a distinction between British and Indian companies, but they do not agree that we have a right to carry that distinction to the extent of exempting these companies from the deposit, as well as from the other provisions about returns, actuarial valuations, and so on. Now, I must confess, Sir, that I find it difficult to follow the distinction that they draw between the provisions requiring a deposit and the other provisions from which we are exempting British companies. The basic principle on which we exempt these English

LIFE INSURANCE COMPANIES.

[Mr. Clark ; Mr. Subba Rao.] [13TH MARCH 1912.]

companies from any provisions of the Act at all is that, taking into consideration the provisions of the Act of 1909 and what we know of its administration, we are satisfied that companies which fulfil its requirements and satisfy the Board of Trade, justify us in exempting them from these provisions of the Act. If we were not so satisfied, we should have just as little justification for exempting them from the various provisions to which I have referred, as for exempting them from making the deposit. But as we are so satisfied, I fail to see what the necessity is for imposing on them a deposit in this country, in addition to the larger deposit which they have already made in the United Kingdom. I cannot help thinking that Hon'ble Members to some extent misunderstand the reason for having a deposit at all. The idea of a deposit is not to provide a fund for distributing among the policy-holders in the event of the company coming to grief, since it would manifestly be impossible to make the deposit large enough to afford any real security to policy-holders in a case of that kind. Its object is to make sure that the company that starts business is not a mushroom company which will simply collect its premiums in the first year, and then make a bolt. If a company has already deposited at the start £20,000 under the English Act, it is obvious that there is no reason why we should impose a further deposit on them when they come out here, for they have already, so to speak, justified their existence. The Hon'ble Member has referred to legislation in certain other countries where they do impose a deposit on foreign companies. Well, I think the attitude of other countries is rather different to ours. Our point of view here is to try and give the Indian people as wide an area as possible of choice among sound insurance companies. We do not go beyond that. Canada and America are also concerned to protect their home life assurance companies against competition from the outside, and they legislate from that point of view. The Hon'ble Member was not correct about the deposit in Western Australia and Southern Australia, when he said that £5,000 in one case and £10,000 in the other had to be deposited before commencing operations. That is the eventual figure which has to be worked up to, but there is a proviso for working up to it gradually : is not a lump sum. The only other point he mentioned was that the deposit gave you the power of recovering from a company in case you wished to bring an action at law. The advice I have received on this point is that it is not necessary to have a deposit in this country to proceed against a company from the United Kingdom, and that judgments against companies domiciled outside India would more probably be given effect to in their country of origin."

The Hon'ble Mr. Subba Rao : "If the company had withdrawn its business from here, how would you recover the amount?"

The Hon'ble Mr. Clark : "The judgment would probably be given effect to in the English Courts."

The Hon'ble Mr. Subba Rao : "I am afraid the Hon'ble Member in charge of the Bill missed the point which I raised on my amendment. I conceded that the object of the English Act in requiring a deposit of £20,000 was not to enable the companies to meet all their liabilities out of that sum, but that, as the Select Committee pointed out, if this amount were in deposit and could not be withdrawn, it would afford a guarantee to policy-holders in foreign companies to proceed, if necessary, against such companies in the courts of that country and recover the amount due to them. Surely the same argument applies to India quite as much as to England."

The Hon'ble Mr. Clark : "You can proceed against these companies in this country in the first instance because they have a place of business here. We require, under the Act that they should have a place of business in this country, and therefore you can proceed against them."

The Hon'ble Mr. Subba Rao : "Foreign companies also have got their place of business in England, and they can be proceeded against there also. There is this circumstance that so long as foreign companies have a certain sum of money deposited in England, they would be careful to see that any claims made upon them are satisfied, so that no action might be brought against them,

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.]

[Mr. Subba Rao.]

and the money deposited in the Court of Chancery might not be seized in execution of any decree that might be obtained against them. Therefore the reasons for introducing the clause about deposit in the English Act apply with equal force to a deposit being enforced in this country. The Hon'ble Member in charge of the Bill referred to the minute of dissent recorded by me, the Hon'ble Mr. Mudholkar and the Hon'ble Mr. Basu, and commented upon it. There we drew a distinction between the provisions about deposit and the other requirements of the Bill with regard to English companies. We said that while they might be exempted from the other requirements of the Act, such as furnishing returns, etc., there was no reason why they should be exempted from making a deposit.

"I am sorry, Sir, to say that I remain unconvinced by the answer given by the Hon'ble Member in charge of the Bill, and I cannot understand why, when companies carrying on business in the United Kingdom make deposits in Canada, in Australia, in the United States, all over the world, the Government should be solicitous to exempt them from making a deposit in this country."

The amendment was put and negatived.

The Hon'ble Mr. Subba Rao : "Sir, the next amendment I propose is to omit the new clause 34. With regard to the colonial or foreign companies that do not carry on business in the United Kingdom and do not come under the English Act of 1909, but which wish to carry on business in India, the new clause gives power to the Governor General in Council to grant exemptions, if he is satisfied that the laws of those countries provide equal safeguards with the English assurance law. In other words, any foreign or colonial company which has a law like the English assurance law can obtain a declaration under section 32 and need not be bound to make a deposit or make any returns required under the present Bill. The result will be that these foreign and colonial companies will not be subject to the control of the Government. I submit that such a discretion ought not to be given to the Government, and that these foreign and colonial companies should not be placed in that favourable position.

"How can the Government draw any distinction between countries and countries, all of which have as good assurance laws as England and provide as good safeguards as the English law? For instance, the Canadian law, the Australian law, the German law and the French law, are quite as good as the English law; if at all, they are more rigorous and stringent. How can you draw a distinction between a Japanese company, a Ceylon company and a Canadian company?"

"Thus, instead of bringing the foreign and colonial companies under greater control, the Bill gives them a favourable position to exploit policy-holders in India, though their laws are as stringent as possible against Indian companies. I submit that no reason is given in the Select Committee's report for this drastic change. In presenting the report of the Select Committee the other day the Hon'ble Mr. Enthoven contented himself with saying:—

'This provision speaks for itself. In the interest of the people who insure their lives in India, it clearly should not be our policy to throw unnecessary obstacles in the way of companies controlled by satisfactory laws.'

"I can only say, in reply, that this generosity on the part of the Government to the detriment of the interests of policy-holders in India, speaks for itself. Why does not the British Government adopt this generous policy? Why should they require all the companies carrying on business in the United Kingdom to make a deposit and submit to the stringent restrictions of the Board of Trade? For the matter of that, why does not any other country in the world adopt this generous attitude? Is India alone the country where we should show an exhibition of generosity towards foreign and colonial companies?"

"I wish to draw attention to one important question in this connection. Now, under clause 34 (I wish the Hon'ble the Law Member, would please note this), once a foreign or a colonial company is placed on the same footing as an

LIFE INSURANCE COMPANIES.

[Mr. Subba Rao ; Mr. Mudholkar.] [13TH MARCH 1912.]

English company, clause 33 applies. In other words, once a declaration notification is issued in regard to foreign or colonial companies, these companies are placed on the same footing as English companies and they are exempted from the operation of sections 4, 5, 7 to 12, 15, 20, 21 and 36 of the Bill. They need not make any deposit or file any account here. Only they should deposit with the Governor General in Council copies of every account, balance-sheet, etc., which they are required under the Assurance Companies Act of 1909 to deposit at the Board of Trade. But these foreign and colonial companies do not carry on business in England, and do not come under the Act of 1909, and therefore they do not deposit or file any account, balance-sheet, etc., under that Act at the Board of Trade. Thus these foreign and colonial companies go scot free. They need not file even copies of account in this country. It is an absurd position to which we are driven by having section 34. Therefore I submit that the best thing we can do is to omit clause 34."

The Hon'ble Mr. Mudholkar : "Sir, this appears to me a most objectionable provision. It was introduced into the Bill in the Select Committee. In introducing it the Select Committee have, I think, gone beyond sound principles, and have not taken into consideration the convenience of the people or the manner in which such business has to be transacted. The object of publishing a Bill in the Gazette is to give notice to the people as to what are the provisions, what the matters, in regard to which action is proposed to be taken. Now, in the Bill as it was originally framed there was not a word which gave any indication that it was the intention of Government to grant any privileged treatment, any special consideration, to these foreign and colonial companies. On the contrary, the original Bill as it stood subjected these companies to the requirement of a deposit, to the requirement of submitting returns, to investigations, to actuarial scrutiny and everything which has been laid down in the Bill for the companies which carry on business in India, except companies which are registered under the English Assurance Companies Act. It was only in the case of British companies, or to speak more accurately of companies registered under the English Assurance Companies Act, that any special privilege was asked by the original Bill. In regard to that feature of the Bill, I have just explained that I am in agreement with it, and I for one concede that, for the various considerations which I have mentioned, we should be prepared to allow special treatment to be given to British companies. But this new provision which has been introduced is one which has been sprung upon the country in the Select Committee. Till the day we went to the meeting of that Committee not even the Members of the Select Committee had any knowledge that this new provision was going to be introduced into the Bill. What was the object, Sir, with which the Bill was sent to the Local Governments for their opinion? Why is it that the opinion of the Local Governments is required in regard to a matter which concerns the territories under their jurisdiction as also in all general questions? This course is adopted because those who have to help in the administration of the country should be in a position to pronounce an opinion on these important subjects. Now, had the Local Governments any intimation that this new provision was going to be inserted? Well, I can only speak on the papers which are laid before us, and so far as can be seen from what the Local Governments have written, they had absolutely no knowledge that any new provision like the one under consideration was going to be inserted in the Select Committee. I say, Sir, this new provision being opposed to the very principle on which legislative business has to be conducted in India under the Indian Councils Act, is further one which is highly unsound in principle and should not receive any countenance from the Council. I am afraid I am here leading a forlorn hope; but it has been my lot, call it good fortune or call it misfortune, to be a leader of many a forlorn hope. I feel, however, no depression because even a defeat on occasions like this is like the defeats which the Romans had at the hands of Pyrrhus. The Government may carry this provision through on this occasion, but I am quite sure that it will not be very long before they will have to reconsider their position. This is a matter, Sir, in regard to which there is a very deep feeling entertained by those

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.]

[Mr. Mudholkar.]

who have bestowed any thought to the subject. It is objectionable on principle, it is detrimental to Indian interests and opposed to the very principle on which our legislation has to be conducted under the Indian Councils Act. I particularly wish to emphasize that it is not in the interests of the people of India that such a provision as this should be introduced.

"I have no wish to repeat what I said only half an hour ago. But on what I said then, the Hon'ble the Mover of the Bill has withheld his remarks. I would therefore point out some of the more salient considerations which I then advanced. Most of these foreign companies hold no property in India; they are not amenable to the British Government; even the colonial companies are not amenable to the House of Parliament or any British authority in matters of this kind. And it is in favour of companies belonging to those countries that discrimination is to be made! Sir, we are told that this is in the interests of the people of India as though the interests of the people of India consist in this, that, ignorant and simple as most of them are in regard to life assurance business, they should, by the fact of a company being allowed to work, be permitted to remain under the belief that they are among the authorised companies in which it is quite safe to assure one's life and afterwards to have it pointed out that they are concerns over which the Government here or the British Government have absolutely no control. Sir, in regard to the British companies there are very considerable guarantees. We know what the English law exactly is. We also know that the English companies have to run the gauntlet of a very close scrutiny at the hands of the officers appointed by the Board of Trade. The Board of Trade, to guard the interests committed to their charge, exercise the closest scrutiny possible. We have here some guarantee in the case of British companies. What guarantee have we in the case of foreign companies? I said a short while ago that I have absolutely no animus against foreign companies; one of the policies on my life is with a colonial company. That is, because I was assured that that particular company was one in which it was quite safe to get one's life assured. But do you expect that the majority of the people who go in for life assurance exercise the same caution that persons who have greater means of information can exercise? On the one hand you say that the people of India are simple and ignorant and require protection, and the very next moment you withdraw that protection from them. You do not provide that same measure of protection for them against these foreign companies that is provided in the case of indigenous companies. I do say that we do regard it as a grievance that discrimination should be allowed to colonials and foreigners over indigenous companies.

"The Hon'ble the Member in charge of the Bill just now observed that the Canadian Act required deposits from all foreign companies because they wanted to protect their own insurance companies. May we not ask why a similar consideration should not be extended to Indian companies? Here are in our country companies springing up; they are small in a way but they would be also carrying on useful work. And if Canada and the other countries are allowed to protect their own companies, why should not the Government of India adopt a similar attitude in favour of companies coming into existence in this country? The reasons apply equally well here. Then let us take other equally serious considerations. If there is any systematic fraud carried on, what remedy can you have against a foreign company? In regard to an English company, if there is any fraud carried on on a large scale, the Government of India may be trusted to move the Government in England, and the Government in England, on principles which are well known, will probably take action. Have we any guarantee that any similar action will be taken by foreign Governments or even by colonial Governments?

"I submit, Sir, that in the manner in which this clause was introduced, there was a very grave irregularity. The procedure, I consider, is almost opposed to the Indian Councils Act—it may not be to the actual wording, but certainly to the spirit of it. I think that the provision is one which is highly detrimental to the interests of the people of this country, and should not be accepted by this Council.

520

LIFE INSURANCE COMPANIES.

[Mr. Mudholkar ; Mr. Clark ; Mr. Subba Rao ; Mr. [13TH MARCH 1912.]
Muhammad Shafi.]

"One word more in regard to the form in which the power to grant exemptions to foreign and colonial companies is to be conferred. The power, the Bill says, is to be conferred upon the Governor General in Council. Now, under that power the Governor General in Council is to determine whether any discrimination is to be afforded to foreign companies, and it is after such consideration as they bestow upon it that they make up their mind whether these companies should come under this clause or remain under the general clauses applicable to Indian companies. Would not that be taking away the power of the Legislative Council? We are told that the executive should be entrusted with all such matters. That is an argument—the argument of confidence—which can be used in regard of every conceivable law. Why not trust to the executive to look after all the legislative interests of the people? Well, if that argument is to be seriously pressed and carried out, we may as well dispense with the Legislative Council. I very strongly object to clause 34."

The Hon'ble Mr. Clark : "I regret, Sir, that the harmony of the proceedings should have been somewhat marred by the feeling aroused over this clause. Really the arguments of Hon'ble Members opposite have not been very reasonable or consistent. The Hon'ble Mr. Subba Rao tells us that he objects strongly to our letting loose foreign and colonial companies on the Indian insurer; yet he tells us himself that the Australian, the Canadian, the French and the Hungarian laws are infinitely stricter than the English law. The Hon'ble Mr. Mudholkar objects to our permitting outside competition with Indian companies; yet he has himself favoured colonial companies rather than Indian by, as he himself has told us, insuring his own life with a colonial company. This clause is purely permissive. Surely too, it is a logically reasonable proposal. It has been generally accepted that we may allow companies doing business in the United Kingdom special privileges under this Act, because we are satisfied that in view of the stringency of the English law they are sound companies and that further guarantees are not needed. All we are doing is to give the Governor General in Council power to grant the same exemptions in the case of foreign or colonial companies where he is satisfied that their laws are as strict, or even stricter. I really cannot see what objection can be raised to this. There is no question of letting them loose on the Indian would-be insurer without any guarantee whatsoever. That is what Mr. Mudholkar was trying to suggest. There is no question of that at all. We are only admitting companies wherever proof has been shown that they are regulated by laws as strict or even stricter than the laws of the United Kingdom. I am afraid I cannot agree to drop this clause (34)."

The Hon'ble Mr. Subba Rao : "How does the Hon'ble Member in charge meet my objection to clause 34? What is the safeguard against foreign competition?"

The Hon'ble Mr. Clark : "The wording of the clause is perfectly clear. It is stated that 'if the Governor General in Council is satisfied that the law relating to life assurance companies for the time being in force in any foreign country or British possession, provides safeguards equal to or greater than those provided by the Assurance Companies Act, 1909,' and so on."

The Hon'ble Mr. Subba Rao : "The point I brought to the notice of the Council is that under clause 34 the Governor General in Council has power to make a declaration in favour of a foreign company; in other words, he has the power to place a foreign company in the same position as a company carrying on business in England. What I pointed out was that with regard to the companies carrying on business in the United Kingdom we have got certain safeguards under clause 33. One of the safeguards is contained in the proviso, namely, that they shall deposit with the Governor General in Council copies of accounts, etc., filed at the Board Trade; that is the safeguard which you give with regard to assurance companies registered according to the English Act, 1909. What is the safeguard with regard to foreign companies not working in England? I see that you are placing them on a better footing than the companies registered under the English Act. What is the answer to that, may I ask?"

The Hon'ble Mr. Muhammad Shafi : "The answer is a very simple one. In clause 34, the last words are 'on the issue of such a notification

LIFE INSURANCE COMPANIES.

[13TH MARCH 1912.] [Mr. Muhammad Shafi ; Mr. Subba Rao ; Mr. Clark ;
the President ; Mr. Syed Ali Imam.]

these sections shall have effect accordingly.' As soon as the notification is issued, the provisions of clauses 32 and 33 shall apply to the Foreign companies. The answer is quite plain."

The Hon'ble Mr. Subba Rao : "Is it? The proviso to clause 33 says that they must deposit copies of the accounts, balance-sheet, etc., filed at the Board of Trade in England. As a matter of fact, these companies do not file any accounts at the Board of Trade. What are the papers which they should file here?"

The Hon'ble Mr. Clark : "The intention of the Bill of course is that they should file corresponding documents to those which English companies file in England. There is ambiguity in the drafting language to which the Hon'ble Member called attention, and I think we might modify it by a short drafting amendment."

The Hon'ble Mr. Subba Rao : "That is a matter which cannot be done now off-hand in the Council. It should go before the Select Committee for consideration. The clause itself was not apparently well considered and now that I have pointed out the difficulty that these foreign companies are placed in a better position, the amendment is proposed. I object to this amendment being put in an off-hand manner."

The President : "The question is whether a merely verbal amendment will not meet the criticisms of the Hon'ble Mr. Subba Rao. If it does, I fail to see the necessity of recommitting the Bill, which will mean possibly not passing this Bill this Session."

The Hon'ble Mr. Clark : "May I submit a point? The first question raised by the Hon'ble Mr. Subba Rao is whether we should omit clause 34. He wants to get rid of the whole clause. Secondly, he has pointed out an ambiguity in the drafting language of clauses 32 and 33 as governed by clause 34. On the first question, as I have explained, the provisions are perfectly reasonable and we cannot agree to its omission. I am, however, grateful to the Hon'ble Member for pointing out the ambiguity in drafting. We think that we might put it right now, and that it would be a great pity if for a few words the Bill should be sent back to the Select Committee, as the passing of the Bill, which is urgently wanted, would be retarded."

The Hon'ble Mr. Syed Ali Imam : "Sir, the Hon'ble Members opposite have, in the course of their speeches—I am referring to the Hon'ble Mr. Mudholkar and the Hon'ble Mr. Subba Rao—made reference to what happened in the Select Committee. It was suggested that inasmuch as clause 34 of the Bill was absolutely a new section, it should not be put forward unless and until there had been an expression of opinion from Local Governments. The fact of the matter is that, when this clause was taken up in the Select Committee, the question that it was a new provision altogether was not at all taken up with the amount of insistence as it has been taken up in this Council. Looking at the clause itself, so far as its principle goes, it is quite obvious that my friends the Hon'ble Messrs. Mudholkar and Subba Rao hold their own opinions, and the opinion they hold is that it is unsound that the Governor General in Council should at all be trusted with any degree of discretion. That is entirely a matter of opinion. The opinion that we hold is that the amount of discretion that is generally reposed in the Governor General in Council in other matters is perhaps of far greater degree than can be contemplated in regard to a small measure which this clause proposes. In the Select Committee, we, the official members, considered that after all the principle involved was not of such great importance as to occasion a very lengthy delay in regard to the passing of this important measure, and that if for this small provision reference was again to be made to Local Governments the inevitable result would be that a measure of this kind, which is a very great protection to people who would invest their capital in insurance and for which the public has been keen for some time past, would be for a great length of time postponed. Therefore, in the Select Committee, it was decided that after all there was not such an urgency, nor was there such a degree of importance which necessitated its reference to Local Governments. I think, Sir, that in putting this submission forward, I am supported by the report of the Select Committee which shows that the reference, which is now suggested, should have been made, to

LIFE INSURANCE COMPANIES.

[Mr. Syed Ali Imam; Mr. Muhammad Shafi; the [18TH MARCH 1912.]
President; Mr. Mudholkar; Babu Bhupendranath Basu.]

Local Governments, was not at the time considered really of any consequence. The last paragraph of that report says :—

‘ We think that the Bill is not so altered as to require re-publication, and we recommend that it be passed as now amended.’

“ The clause after all does not perpetrate anything very extraordinary or exceptional. Discretion of the kind which is dealt with by the clause is generally reposed in the Governor General in Council. Hon’ble Members have in this Council expressed their willingness to confide in that discretion when graver measures than the one under consideration have been passed. Their trust in the discretion of the Governor General in Council has been very rightly looked upon with favour by Hon’ble Members as they have frequently admitted their belief in the wise exercise of discretion when it is placed in the Governor General in Council. In fact the delegation of such powers to a lower authority is deprecated and contemplated with a great deal of distrust.

“ Now, Sir, the second point which is now under consideration relates to the verbal amendment which has been accepted by the Hon’ble Member in charge of the Bill and for which the Hon’ble Mr. Subba Rao has earned our thanks.”

The Hon’ble Mr. Muhammad Shafi: “ Before the Hon’ble the Law Member deals with the second point, may I ask a ruling from the Chair in connexion with the first point? Is it open to a Member of the Council after a motion to consider a Bill as amended by the Select Committee has been agreed to and that motion has been supported by that Member himself, to propose that the Bill as amended be circulated to Local Governments?”

The President: “ I did not quite understand the Hon’ble Member. Will he kindly repeat his remarks?”

The Hon’ble Mr. Muhammad Shafi: “ With your permission, Sir, may I point out that the Hon’ble Mr. Mudholkar suggested that clause 34 did not find any place in the Bill as originally drafted and sent to the Select Committee, that the Select Committee had introduced the provision of its own accord, and that as opinions of the Local Governments had not been taken with reference to this clause, the Bill as amended ought to be sent back to Local Governments for an expression of opinion. The ruling I ask for is whether it is open to a member of this Council, after a motion for consideration of a Bill as amended by the Select Committee has been adopted, and after having supported that motion himself, to propose that the Bill as amended by the Select Committee be circulated to Local Governments.”

The President: “ We have no such motion before Council.”

The Hon’ble Mr. Mudholkar: “ I never said that; the Bill should be now circulated to the Local Governments.”

The Hon’ble Babu Bhupendranath Basu: “ Between the Hon’ble Mr. Subba Rao and the Hon’ble Member for Commerce and Industry, I have had practically no opportunity of putting in a word. The difficulty which strikes me is this. I do not wish to discuss the question of principle, but the matter which is now brought forward by way of amendment is a matter which does require a little consideration. I was just referring to the English Acts and I find that they were extending this Act to outside companies. Section 274 of the Companies Consolidation Act contains a provision in respect of the United Kingdom which shall apply to every company outside the United Kingdom which carries on insurance business. Therefore, the amendment which has now been proposed requires some little consideration, and I would earnestly appeal to the Council to allow this matter to stand over for a day. We lawyers cannot be expected to give our opinion as to the exact bearing of an amendment on the spur of the moment, as we have not got the intelligence which non-lawyers have for legal matters. It is therefore only fair to us that we should have some little time to think over it.”

The President: “ I understand that the Hon’ble Member is alluding to the amendment which the Hon’ble Member in charge proposes to put later. I will deal with that when the amendment is proposed.”

The Hon’ble Mr. Syed Ali Imam: “ Sir, I was addressing the Chair when the Hon’ble Mr. Shafi interrupted me. As I submitted before, the

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.] [*Mr. Syed Ali Imam ; Mr. Clark ; Babu Bhupendranath Basu ; the President ; Mr. Mudholkar.*]

question of inviting the opinion of Local Governments has been shelved for good. As far as I can understand from the report of the Select Committee and the minute of dissent, the question never received serious consideration. Hon'ble Members opposite will agree with me that this cannot be a grievance at all. In fact, as I said before, this clause, which places some discretion in the Governor General in Council, was not contested in the Select Committee with any great degree of seriousness.

"As regards the second point, that is to say, as to whether clause 34 requires any verbal alteration, that is a matter that has only arisen in this Council here on the observations of the Hon'ble Mr. Subba Rao and the remarks of the Hon'ble Member in charge.

"In this connection the Hon'ble Mr. Basu has expressed a wish to have some time given to the consideration of the question. I am absolutely in agreement with him. In matters of drafting one cannot be too careful. They are so delicate, and in fact drafting is such a fine art, that even this Council with the abundance of intellectual powers that it possesses will find it hard on the spur of the moment to make a draft, and then after that be quite sure that that draft is a very correct one. I personally, so far as this suggestion of the Hon'ble Mr. Basu is concerned, have no objection at all to the grant of another 24 hours, but when I put this forward I do not for a moment wish to trespass upon the jurisdiction of my Hon'ble Colleague the Member for Commerce and Industry. I may only say that my personal view is that should the Council require this particular alteration, I for one should be very glad indeed to support the Hon'ble Mr. Basu in the view that there should be some time given for the drafting of this particular amendment that is now suggested by the Hon'ble Mr. Subba Rao."

The Hon'ble Mr. Clark : "I think, Sir, this is the best way to treat the matter. There is this drafting difficulty, and as the Hon'ble the Law Member has said, however great our combined legal acumen may be, it is not very safe to discuss a thing of that sort in open Council, and we may make a mistake which may be stereotyped in the Act. We had better deal with the amendment now and reserve this point for consideration and discuss it when Council next sits."

The Hon'ble Babu Bhupendranath Basu : "Would that apply as to whether section 34 should be omitted or not?"

The President : "On the point of order which has been raised, I may mention that the amendment of my Hon'ble friend could not have been put if any Member had objected."

The Hon'ble Mr. Mudholkar : "There was an amendment proposed by me, as also by Mr. Subba Rao, that clause 34 be omitted. Mr. Subba Rao with my consent opened the discussion in regard to that amendment. May I be permitted to reply to the discussion which has gone on in connection with that amendment?"

The President : "I think the Hon'ble Member is justified, and if it is permissible for two members to move an amendment, then he has certainly got a right to reply."

The Hon'ble Babu Bhupendranath Basu : "The question was this:—Whether any member is entitled to speak upon the amendment moved by my Hon'ble friend Mr. Subba Rao?"

The President : "I have already ruled that he is entitled."

The Hon'ble Babu Bhupendranath Basu : "In that case I would support the amendment moved by my friend Mr. Subba Rao that this clause be omitted. For this reason, without going into the question that has been raised about the technical difficulty....."

The President : "Will Mr. Mudholkar now reply?"

The Hon'ble Mr. Mudholkar : "There are, Sir, two questions which arise in regard to the amendment to this clause which has been moved by me. I am afraid that my remarks have been rather misunderstood. The

LIFE INSURANCE COMPANIES.

[Mr. Mudholkar.]

[13TH MARCH 1912.]

Hon'ble Member in charge of the Bill considered that I was disturbing the harmony with which our discussion was going on by the very plain terms in which I spoke about the nature of the clause. I had to do a duty, and I did it. In the speeches which have been made on my amendment there arise various questions. There arose first the question as to whether it was consonant with the principles of the Indian Councils Act that this new provision should have been introduced in the manner in which it was. In dealing with this objection of mine it was pointed out by the Hon'ble Members opposite that this matter was not urged in the Select Committee.

"Well, Sir, it was not, as I said in my opening remarks, it was not till we went to the meeting of the Select Committee that we had any knowledge that this new clause was going to be inserted. The main body of the Bill was gone through at the sitting. On the following day what took place was only the consideration of the schedules and one matter which had been left standing over. But on both days I believe we did give sufficient indication to enable the members of Government to see that we did not approve of this new clause, and in our minute of dissent we have stated distinctly that we objected 'to the inclusion of the new clause 34.' Now I do not suppose, Sir, that a minute of dissent is to be scanned like pleadings in a Court to see if it set out every point of fact and every point of law on which either the plaintiff or the defendant relies. We certainly gave sufficient indication to show that we objected to the inclusion of clause 34 in this Bill as it was amended. Then it was said we have signed the report which stated that no further publication was needed. That we signed and subscribed the report, which contained the remark that it was not necessary to circulate the Bill for fresh consideration, is not denied. But what does that signify? Well, Sir, first of all our signatures were made with the distinct reservation that they were subject to minutes of dissent; so whatever we said in our minutes of dissent was expressly reserved. Then, objecting as we did to the very inclusion of the clause, it would certainly have been very inconsistent on our part to say that the Bill should be circulated for the opinions of Local Governments. If we considered that it was wrong on principle to accord a discriminating treatment to foreign and colonial companies, with what face could we ask that this matter should be referred to Local Governments? Then it was not our business to suggest this course. If the Government considered that the provision was one which must be introduced in the Bill, it was for them to see that all the necessary preliminaries were observed. We objected to the whole thing from its inception, and the whole thing being radically wrong we said that it should be entirely left out of the Bill. So I do not think that in urging the point which I put to the forefront I did anything unusual. Now, apart from the propriety of introducing a new provision of that kind in the Select Committee, let us look to the real merits of the question. It is true that by the new section the power merely is conferred upon the Executive Government to determine whether the privileges that have been accorded to British companies should also be extended to foreign and colonial companies. Now, even in regard to this the point still remains that there is no parallel to this section in any of the laws known to us. No other country accords discriminating treatment. England herself does not accord discriminating treatment, does not extend any exemptions to her colonies, nor do the colonies extend any such exemption in favour of England. Why is India to be the one country in which such discriminating treatment is to be accorded to not only the companies which have been registered in the country where the sovereign power exists, but also to the companies in the colonies, and, what is still more, the companies existing in foreign countries? Now, one of the things which was pointed out by me was that there is not the same guarantee in regard to the scrutiny exercised over the management of these companies in foreign countries. We are told that before granting exemption the Government of India will have to see that the law relating to life assurance companies for the time being in force in the foreign country or British possession from which the company to be exempted came provides safeguards equal to or greater than those provided

LIFE INSURANCE COMPANIES.

[18TH MARCH 1912.] [Mr. Mudholkar ; Mr. Bhupendranath Basu ; the President.]

by the Assurance Companies Act of 1909, and so on. Now, Sir, it is quite true that the Governor General before he exercises his power has to see to certain things; but what are the matters in regard to which his attention is directed? His attention is simply directed to the question: what is the condition of the laws in that foreign country or colony? As to the manner in which those laws are enforced, the agency which exercises supervision over the enforcement of the law, the Governor General is not under any statutory obligation to exercise his discretion. He may—in the majority of cases we may say he will—do it; but we are to look to the actual wording of the section itself. We have before us the view of the Lieutenant-Governor of Burma. It was to the Government of Burma that the suggestion was made that exemption might be granted in favour of colonial companies, and the Lieutenant-Governor of Burma said that we cannot expect that in a small colony like Hongkong there would be the same kind of supervision exercised as is proposed to be exercised in India. Now, here we have the testimony of one of the highest officers of the Crown, and that testimony is certainly not in favour of the provision. What is there to satisfy the Government of India that in foreign countries, let us say, Italy, Switzerland, Belgium or Holland, the same kind of close scrutiny is exercised as is exercised by the Board of Trade in England. Another thing which we have also got to bear in mind is that after all it is an *ex-parte* application which is made to the Government of India. The Government of India considers it, and on that an order is passed. Under the wording of the section it is when the Government of India is satisfied, that a notification is to be issued. But all that the Government of India is required to do under the clause being to direct its attention to the state of the law of that country, the guarantee afforded by it is certainly not at all sufficient. With regard to the principle of giving preferential treatment to foreign and colonial companies, I do not wish to add anything to what I have said; but there is one other argument I would like to place before the Council, and it is this, that when it was urged by us that the Bill should contain some provision imposing limitations on the power of companies as to the securities wherein the life assurance fund was to be employed, the Hon'ble the Member in charge said that it might necessitate a reference of the Bill to the Secretary of State, and might thus delay the passing of the measure, because that would be a new thing. Would it not be pertinent to ask him as to whether, when a new principle of a kind which does not exist in the English law is introduced in the Indian law, it was not necessary to obtain the views of the Secretary of State? If we are to follow the lines of the English Act, we certainly should require the view of the Secretary of State in this matter wherein there is to be a departure from those lines. I for one, Sir, utterly fail to see how the Secretary of State's opinion which was considered necessary in one case can be dispensed with in the other. After all, what is it that we ask? We say we are satisfied with the Bill as it was originally framed. There was only one thing in regard to which we suggested an addition; that addition is not considered advisable in the present state of our knowledge. We accept that view of the Government. I did not call for a division on that amendment. But when a new provision is brought before us we say that it is a new thing entirely; you can very well leave that out. You never considered it necessary in the beginning. Why should you not pass the Act as you originally drafted it? Why should you at all delay the passing of the Act for a thing which never was considered necessary when the Bill was drafted? I think, Sir, that none of the reasons which have been advanced against our amendment in any way support the necessity for the new section."

The Hon'ble Babu Bhupendranath Basu: "May I rise to a point of order. If you put this amendment to the vote, and if it is lost, then the original section is carried."

The President: "The question is that clause 34 of the Bill as amended by the Select Committee be omitted. That is the question which I propose to put, and that is the question which the Council will have to decide."

LIFE INSURANCE COMPANIES.

[Mr. Clark ; Mr. Mudholkar.]

[18TH MARCH 1912.]

The Hon'ble Mr. Clark : "I merely rise, Sir, to explain that we will consider the drafting of this clause and any amendment which may be proposed will be circulated according to the Rules of Business. We will take the amendment on Monday morning, the 18th, with the permission of His Excellency the Viceroy, before the discussion on the Hon'ble Mr. Gokhale's Education Bill comes on."

The Hon'ble Mr. Mudholkar : "Sir, accepting that, there would be clause 34. Despite the amendments suggested by the Hon'ble Mr. Subba Rao and me, I have a further amendment to suggest to this Council. My amendment is :

'Provided that before such notification is issued a draft thereof shall be published in the Gazette of India, and shall be laid before the Legislative Council of the Governor General for not less than sixty days during the session of the Council; and if before the expiration of that time a Resolution objecting to the notification is moved in the Council, and such Resolution is supported by one-fourth of the number of members present, no further proceedings shall be taken thereon, without prejudice to the making of any new draft.'

"Sir, this suggestion is made in the hope that it will meet with a better fate than the one which I moved a short while ago. The Government of India would be moved by a company interested and would have before them the statement of the company from its point of view. Now so far as first class companies are concerned, the Government may well take their statement as true in the majority of cases. But there are not all first-class companies. In September last, when I had occasion to speak on the day that this Bill was introduced, I mentioned the case of a company against which there was a decree obtained which had no property in India and the agent of which said that he was unable to pay the money and that they would have to wait till he referred the matter to his principals at home. Now, a first-class company, with a reputation to keep, would be very chary of saying so, and in regard to them the Government of India would probably be acting on safe lines if it granted them exemption. But there would be applications made to the Government of India not only by first-class companies, but by second-class companies, by third-class companies and by fourth-class companies. Now, what this amendment asks Government to do is to place the draft of the notification granting exemption on the table of the Council while the Council is sitting, so that the Council and the public and all those interested may have knowledge of the application and of the intention of Government to grant that application, if no opposition is made. Then, as to the manner in which the attention of Government is to be drawn, the language is taken, Sir, from the section of the Indian Councils Act of 1909 which refers to a proposed notification about the creation of an Executive Council. All that is asked is that a draft of the notification should be placed on the table of this Council, that at least sixty days should expire, and if within that period a Resolution is moved and it is supported by ten members of this Council, then it ought not to be granted, and the Government should stay their hands. I commend this amendment to the consideration of the Council."

The Hon'ble Mr. Clark : "Sir, I regret that Government cannot accept this amendment. What the Hon'ble Member proposes is in effect that when a notification under this section has been laid on the table, if a Resolution objecting to it is moved and supported by a quarter of the number of members present, the notification is to be withdrawn. That is practically his proposal. I cannot see that any useful purpose would be served by this procedure. The Governor General in Council, as I have already explained in dealing with the last amendment, will make a most careful inquiry before extending the privilege of exemption of British companies to foreign and colonial companies. He is in a very favourable position to make inquiries, having the machinery of the Home Government to assist him, and I cannot see how an Hon'ble Member in this Council can be in the same position for finding out the merits or defects of, say, Canadian or Australian companies. Under these circumstances, it would be useless for these notifications to be laid on the table; and I fear Government cannot accept the motion."

The amendment was put and negatived.

**LIFE INSURANCE COMPANIES; PROVIDENT
INSURANCE SOCIETIES.**

[13TH MARCH 1912.] [Mr. Mudholkar; Mr. Clark; the President.]

The Hon'ble Mr. Mudholkar moved that to clause 41 of the Bill, as amended by the Select Committee, the following addition be made, namely:—

“except the power to issue a notification under section 34 and the power to make exemptions conferred by section 42.”

He said: “Sir, clause 41 was added in the Select Committee. That clause gave power to the Governor General in Council to delegate any of the powers, which were given to him by this Act, to a Local Government. Now, in regard to most of the powers I have nothing to say, but in regard to two I think it would be highly inconvenient if those powers were delegated to Local Governments. The powers I refer to are the power to issue a notification under section 34 and the power to make exemptions conferred by section 42. I put forward this amendment on the ground that it is very necessary that there should be uniformity of practice. The Government of India would be guided by the advice of the Department of Commerce and Industry, and it is on the advice of that Department that action would be taken by the Government in regard to the issue of notifications under section 34 or the granting of exemptions under section 42. If that power is given to Local Governments, there is sure to arise a conflict of practice, which is highly inconvenient and probably might cause complications.”

The Hon'ble Mr. Clark: “Sir, I am in the fortunate position that I am able to accept part of this amendment. I think there is a great deal in what the Hon'ble Member says in regard to section 34. I think those powers ought not to be delegated. But, on the other hand, as regards section 42, I think we ought to reserve the power to delegate powers under that section to Local Governments, and I do not think it is likely to cause very much difficulty. The section has been introduced mainly to meet hard cases which may arise under special conditions, and in regard to those conditions Local Governments are likely to be the best judges. Therefore, I think we must keep the power as regards section 42, but we will take away the powers of delegation under section 34. The only point is that the wording of the Hon'ble Member's amendment will not do, and it has to be recast. The amendment will read:

‘In clause 41, for the words “other than the power to make rules under section 40” the following words shall be substituted, namely, “other than powers under sections 34 and 40.”’

The President: “The amendment which is now before the Council will be withdrawn by the Hon'ble Mr. Mudholkar by permission, and I think that permission is accorded on the understanding that certain amendments will be advanced by the Hon'ble Mr. Clark in lieu of it, which I understand meet the wishes of the Hon'ble Mr. Mudholkar.”

The Hon'ble Mr. Clark: “Sir, I beg to move that in forms A and B being the forms of balance-sheet in the Third Schedule annexed to the Bill, amended by the Select Committee, on the asset side of such balance-sheet after the entry ‘Ordinary stocks and shares of any Indian Presidency Bank’ the following entries be inserted, namely:—

- ‘Debentures of any railway in India,
- Debentures of any railway out of India,
- Preference or guaranteed shares of any railway in India,
- Preference or guaranteed shares of any railway out of India.’

“This is purely a drafting amendment. By an accidental omission on the ordinary stocks and shares of railways are shown at present in the schedule. The amendment was put and agreed to.”

PROVIDENT INSURANCE SOCIETIES BILL.

The Hon'ble Mr. Clark moved that the Report of the Select Committee on the Bill to provide for the regulation of Provident Insurance Societies be taken into consideration.

The motion was put and agreed to.

The Hon'ble Mr. Clark moved that the Bill, as amended, be passed.

The motion was put and agreed to.

LUNACY.[*Sir Reginald Craddock.*]

[18TH MARCH 1912.]

INDIAN LUNACY BILL.

The Hon'ble Sir Reginald Craddock moved that the Report of the Select Committee on the Bill to consolidate and amend the law relating to Lunacy be taken into consideration.

The motion was put and agreed to.

The Hon'ble Sir Reginald Craddock moved that the Bill, as amended, be passed.

The motion was put and agreed to.

The Council adjourned to Monday, the 18th March 1912.

W. H. VINCENT,

*Secretary to the Government of India,
Legislative Department.*

CALCUTTA;

The 22nd March 1912. }



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CALCUTTA, SATURDAY, MARCH 30, 1912.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

PART VI. GOVERNMENT OF INDIA. LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS,
1861 TO 1909 (34 & 35 VICT., C. 67, 55 & 56 VICT., C. 14,
AND 9 EDW. VII, C. 4).

The Council met at Government House, Calcutta, on Monday, the 18th March 1912.

PRESENT:

His Excellency BARON HARDINGE OF PENSHURST, P.C., G.C.B., G.C.M.G., G.C.V.O.,
G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*,
and 57 Members, of whom 49 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Mr. Gulam Muhammad Bhurgri asked:

"(a) Has the attention of Government been drawn to the following passage in the judgment of Sir Justice Dinshaw Davar in a trial in the last criminal sessions of the Bombay High Court in which Khwaje Mahomed Khan, Khan of Hoti Mardan, and two others were charged with the abduction of two European girls and in which the Advocate General withdrew the charge after the trial had proceeded for three days:—

'It seems to me that the third accused (the Khan) has been subjected to a great many indignities and the procedure followed there (at Rawalpindi) seems to me to be un-understandable.'

"(b) If so, will Government be pleased to state if they propose to take any steps with regard to the officials responsible for this trial?"

The Hon'ble Sir Reginald Craddock replied:

"Government have received no official information on the subject but are making inquiries."

The Hon'ble Sir Gangadhar Rao Chitnavis asked:

"(a) Is it a fact that there is congestion of goods on Indian railways from insufficiency of the rolling stock, notwithstanding late additions?"

QUESTIONS AND ANSWERS.

[*Sir Gangadhar Rao Chitnavis* ; *Mr. Clark* ; *Mr.* [18TH MARCH 1912.]
Dadabhoy ; *Sir Henry McMahon* ; *Mr. Muham-*
mad Shafi ; *Sir Reginald Craddock* ; *Pandit*
Madan Mohan Malaviya.]

"(b) If so, is it a fact that in consequence of the congestion in some cases grain in course of transit has been damaged, involving severe loss upon dealers ?

"(c) What steps does Government propose to take to ensure quick transit ?"

The Hon'ble Mr. Clark replied :

"As regards questions (a) and (c), I may refer the Hon'ble Member to the statement made in this Council by the President of the Railway Board on the 8th of March during the debate on the second stage of the Budget.

"As regards question (b), Government have received no information or complaints to the effect indicated."

The Hon'ble Mr. Dadabhoy asked :

"Do Government propose to make arrangements for the maintenance at the various British Embassies of museums of Indian art products ?"

The Hon'ble Sir Henry McMahon replied :

"The reply to the Hon'ble Member's question is in the negative."

The Hon'ble Mr. Muhammad Shafi asked :

"Has the attention of the Government of India been drawn to a note in the *Comrade* of the 24th February anent the question asked in the United Provinces Legislative Council by the Hon'ble Sahibzada Aftab Ahmed Khan regarding the establishment of a colony of Berias near the Muhammadan Anglo-Oriental College at Aligarh and the reply given thereto by the Local Government ? Is Government aware that the Berias are a criminal tribe and that the college at Aligarh is a residential educational institution ? Does Government propose to take any action to have the colony in question removed from the place ?"

The Hon'ble Sir Reginald Craddock replied :

"The Government of India have seen the article in the *Comrade* referred to by the Hon'ble Member. The Hon'ble Member apparently refers to the establishment of a colony for Haburas at Aligarh which was within the discretion of the Local Government. The Government of India are in possession of no evidence which would justify an order for the removal of the colony."

The Hon'ble Pandit Madan Mohan Malaviya asked :

"(a) Will the Government be pleased to state if its attention has been drawn to an article in the *Amrita Bazar Patrika* of the 5th February 1912 and to another in the *Bengali* of the 16th February 1912, inviting attention to the grievance of the clerks of the office of the Deputy Accountant General, Post Office and Telegraphs (Postal Branch), Calcutta, that no final orders have been passed on the several representations made by them to the Government since 1908 ;

(b) whether it is a fact that the Comptroller and Auditor General, India, informed them last November that the question of their pay could not be taken up until orders had been passed on the report of the Postal Accounts Committee ;

(c) whether orders have been passed on that report ;

(d) and when final orders may be expected on the question of the pay of the clerks referred to above ?"

QUESTIONS AND ANSWERS; LIFE ASSURANCE COMPANIES.

[18TH MARCH 1912.] [*Sir Guy Fleetwood Wilson; Mr. Sinha; Sir Reginald Craddock; Mr. Clark.*]

The Hon'ble Sir Guy Fleetwood Wilson replied :

"I would refer my Hon'ble friend to the reply which I gave on the 13th March to the Hon'ble Sir Gangadhar Chitnavis."

The Hon'ble Mr. Sinha asked :

"(a) Has the attention of the Government been drawn to the proceedings of the trial of the Khan of Hoti Mardan and two co-accused in the Bombay High Court before the Hon'ble Sir Justice Dinshaw Davar and especially to the following statements made in Court by the Hon'ble the Advocate General and the presiding Judge:—

The Advocate General.—'The Khan was aged 70 and was a wealthy and influential Chief on the frontier.'

The Judge.—'No one laid any information against the Khan, but still he was arrested and charged although the young ladies made no complaint against him.'

The Advocate General.—'I have considered the case very carefully and have come to the conclusion as Advocate General to withdraw it under section 333 of the Criminal Procedure Code.'

The Judge.—'It seems to me that the third accused (the Khan) has been subjected to a great many indignities and the procedure followed there seems to me to be un-understandable. The third accused as well as the humbler two will leave the Court without a stain on their character?'

"(b) Is it a fact that the Khan was arrested on the 20th December last, under a warrant issued by the District Magistrate of Peshawar, without there being any complaint against him at the time?

"(c) If so, will Government be pleased to state whether the said District Magistrate still continues to exercise judicial functions? If not, what is his present office?

"(d) Do Government propose to make any inquiry into the whole matter? If not, will Government be pleased to state their reasons for the same?"

The Hon'ble Sir Reginald Craddock replied :

"I must refer the Hon'ble Member to the answer which I have just given to the question put on the same subject by the Hon'ble Mr. Ghulam Muhammad Bhurgri."

The Hon'ble Mr. Sinha :

"The answer does not cover questions (b), (c) and (d) of my question."

The Hon'ble Sir Reginald Craddock :

"There is no information before the Government yet on these subjects, and the information has been called for, and until then there can be no other answer."

(LIFE ASSURANCE COMPANIES BILL.

The Hon'ble Mr. Clark : "My Lord, I will not detain Council for more than a very few moments, for I am fully conscious that Hon'ble Members will wish to get on as quickly as possible from the somewhat arid bones of commercial legislation to the more stimulating topics which await us to-day.

"Hon'ble Members will recollect that, at the last meeting of Council, the Hon'ble Mr. Subba Rao pointed out a drafting difficulty in section 34 read with section 33 of the Life Assurance Bill; and Government undertook to look into the matter. We have since considered it carefully and I have also had the benefit of talking it over with the Hon'ble Mr. Subba Rao and the Hon'ble

**LIFE ASSURANCE COMPANIES; DELEGATION;
ELEMENTARY EDUCATION.**

[*Mr. Clark; Mr. Subba Rao; Babu Bhupendranath Basu; Sir Reginald Craddock; Mr. Gokhale.*] [18TH MARCH 1912.]

Mr. Mudholkar. The Hon'ble Mr. Subba Rao pointed out that the section, as it now stands, would in effect confer the somewhat empty boon upon foreign life assurance companies, of requiring them, if admitted to the same exemptions in India as companies operating under the English Assurance Act of 1909, to submit returns in the same form as is prescribed by the English Act. The clause as it stands, therefore, would be very nearly meaningless. We have considered its amendment, which of course would be quite practicable, though rather wider changes would be required than I should like to press on Council at so late a stage of the Bill; but further examination of the subject suggests a different course which will be more agreeable, I fancy, to my Hon'ble Friends opposite. Hon'ble Members know the reasons why Government were in favour of the section. The principle of exemption for companies in the United Kingdom having been conceded on the grounds of the efficient control of the English law, it seemed reasonable and logical to take the power of extending those privileges to companies domiciled in other countries where similar or more stringent laws were enforced. The principal case which we wished to meet was that of companies which already have to compile returns in a certain form, and which might have to compile a different set for the purposes of the Act when the former might equally well meet the essentials of our requirements, though they might not be in conformity with the letter of the Schedules. This difficulty, however, can be met, if cause is shown, under the general powers conferred by another section in the Bill which, as it happens, was added later. No doubt the point should not have been overlooked; but these redundancies will sometimes creep in. As regards a large part of its objects, therefore, the section is really superfluous; and Government have come to the conclusion that it can safely be dropped. I am sorry I was not able to deal with the question at once in the discussion last Wednesday, which would have given me the pleasure of accepting the Hon'ble Mr. Mudholkar's amendment; but the difficulty indicated by the Hon'ble Mr. Subba Rao was unexpected, and the different sections of the Bill have had to be carefully compared before coming to a decision.

"Therefore, my Lord, I beg to move that clause 34 of the Bill to provide for the Regulation of Life Assurance Companies as amended by the Select Committee be omitted."

The Hon'ble Mr. Subba Rao: "My Lord, I am glad that the Hon'ble Member has seen his way to omit clause 34."

The Hon'ble Babu Bhupendranath Basu: "I congratulate the Hon'ble Member for having for once seen the error of his ways."

The motion was put and agreed to.

The Hon'ble Mr. Clark moved that the Bill, as now amended, be passed.

The motion was put and agreed to.)

DELEGATION BILL.

The Hon'ble Sir Reginald Craddock: "My Lord, I beg to present the Report of the Select Committee on the Bill to provide for the delegation of executive powers and duties in certain cases. I propose to reserve any remarks that I have to make in connexion with the Bill for a future occasion."

THE EDUCATION BILL.

The Hon'ble Mr. Gokhale moved that the Bill to make better provision for the extension of elementary education be referred to a Select Committee consisting of the Hon'ble Mr. Syed Ali Imam, the Hon'ble Sir Harcourt Butler, the Hon'ble Mr. Mazharul Haque, the Hon'ble Nawab Saiyid Muhammad, the Hon'ble Babu Bhupendranath Basu, the Hon'ble Pandit Madan Mohan

ELEMENTARY EDUCATION.

[18TH MARCH 1912.]

[Mr. Gokhale.]

Malaviya, the Hon'ble Mr. Gates, the Hon'ble Sir James Meston, the Hon'ble Rao Bahadur R. N. Mudholkar, the Hon'ble Mr. Sharp, the Hon'ble Mr. Lyon, the Hon'ble Mr. Carr, the Hon'ble Mr. Arthur, the Hon'ble Khan Bahadur Mian Muhammad Shafi and the mover.

He said :—" My Lord, it is two years to-day to a day since this Council was invited in its very first session after the introduction of the recent reforms to consider a recommendation to the Governor General in Council that a beginning should now be made in the direction of making elementary education free and compulsory throughout the country, and that a mixed Commission of officials and non-officials should be appointed to frame definite proposals. After a lengthy debate, the motion was by leave withdrawn, but the principal suggestions formulated on the occasion were subsequently embodied in a Bill which was introduced in this Council about this time last year. A year has since elapsed, and during the interval, all sides—the Government and the public, officials and non-officials, members of all classes and creeds—have had time to examine the provisions of the Bill. I think the promoters of the measure are entitled to regard with the utmost satisfaction the reception which the Bill has met with in the country ; for, my Lord, it is no exaggeration to say that no measure of our time has received such weighty, such enthusiastic, such overwhelming public support as the Bill now before the Council. My Lord, it has been made abundantly clear in the course of the discussions that have taken place during the year that most men of light and leading in the country—men distinguished in every walk of life, in learning, in professions, in business, in public affairs, in patriotic or philanthropic endeavour—are on the side of the Bill. The Indian National Congress, the most representative body of educated opinion in India, has strongly supported the measure, and Provincial Conferences held in the different Provinces have also done the same. The Moslem League, whose claim to speak in the name of the great community which it represents is not disputed even by officials, accorded only a fortnight ago its cordial support to the Bill ; and most of its branches throughout the country have also expressed their approval. Most of the local bodies consulted by Provincial Governments, as also the Senate of the Madras University, which was the only University Senate consulted, have expressed themselves in favour of the measure. Public meetings held in nearly every important town throughout the country have adopted resolutions in its support, and numerous special meetings of backward communities, several caste conferences and some missionary organisations have done the same. Then, my Lord, the Indian Press in the country with hardly an exception has with striking unanimity ranged itself on the side of the Bill, and what is even more significant, nearly half the Anglo-Indian Press, the *Indian Daily News* in Calcutta, the *Times of India* in Bombay, and the *Madras Mail* and the *Madras Times* in Madras, have also extended to it their valuable support. Last, my Lord, but not least, I must mention the important deputation—headed by no less a man than Lord Courtney—that waited last year on the Secretary of State and presented to him a memorial signed among others by some very distinguished men in England in support of this Bill. I venture to think that the ultimate success of a measure which has received such widespread, such influential, public support, is practically assured. The main opposition to this Bill has come from official quarters with which I will deal later. Here and there a few non-officials have also struck a note of dissent. But, my Lord, considering the far-reaching character of the issues involved in the measure, and considering also how the human mind is constituted, it is not to be wondered at that there has been this slight dissent ; the wonder rather is that there should be this vast volume of public opinion in support of the measure. The non-official critics of the Bill may roughly be divided into three classes. To the first class belong those very few men—so few indeed that they may be counted on one's fingers—who have rendered distinguished services in the past either to the country as a whole or to their own community, whose claim to be heard with respect on such questions is undisputed, and who, though not against free and compulsory education in the abstract, consider that the introduction of such a system in India at the present stage of the country's progress, even with such

ELEMENTARY EDUCATION.

[Mr. Gokhale.]

[18TH MARCH 1912.]

safeguards as are provided in the Bill, is not desirable. My Lord, these elders, whose minds have been cast in the mould of a previous generation, have not the elasticity to advance with the advancing requirements of the country, and we have got to face their disapproval of the present Bill with reluctance and regret. In the wake of these few elders follow a number of younger men, who unquestionably accept their lead in all matters, and who therefore withhold their support from the present Bill. The second class consists of those who cannot understand either the necessity or the value of mass education, to whom the dignity of man as man is an incomprehensible idea, and who regard the poorer classes of the country as made solely to serve those who are above them. My Lord, these men hold these views, because they know no better, but their opposition to this Bill is perfectly intelligible. In the third class come those who are against this Bill because the bulk of officials are understood to be against it. They are against this Bill either because the officials have so much to give or else because they are so constituted that official favour is to them as the breath of their nostrils and an official frown is a heavy misfortune, and because they think nothing of bartering the birthright of our common humanity for something even less substantial than the proverbial mess of pottage. These, my Lord, are the three classes that are against this Bill. Taking all the non-official opponents of the Bill together, I think that their number does not exceed five per cent, at the outside of those who have expressed any opinion on the Bill.

"My Lord, special weight necessarily attaches first to the opinions of Local Governments, and next to those of local bodies in regard to this Bill. Turning first to the local bodies, I regret that the opinions of all such bodies were not either ascertained or have not been forwarded to the Government of India. In view of the fact that, if the Bill became law, the initiative in regard to its working would have to come from local bodies, it was of the utmost importance to know what the local bodies had to say of the Bill. The Government of Madras is the only Government that has deemed it to be its duty to invite the opinions of all Municipalities and District Boards in the Province, and some of the district boards have in their turn invited the opinions of the Taluka Boards under them. The opinions thus elicited are appended to the letter of the Madras Government, and they afford overwhelming and incontestable evidence of the local bodies in Madras being strongly in favour of the Bill and being ready to avail themselves of its provisions if enacted into law. Of 61 Municipalities whose opinions have been recorded, 55 are in favour of the Bill. Of 24 District Boards, 20 are in favour. In addition, the opinions of 39 Taluka Boards have been ascertained, and they are one and all in favour of the Bill. The next Government in whose papers we find mention of a large number of local bodies in this connection is the Government of the Punjab, unfortunately educationally the most backward Province in the whole country. Here we find that 60 Municipalities are mentioned by name, and of those 32 are in favour and 28 against. In addition, the Deputy Commissioner of Umballa wrote (the local bodies in Umballa are not included among these 60): 'The consensus of opinion appears to be strongly in favour of the principle of compulsion; the only Municipal Committee which does not favour compulsion was the Municipal Committee of Jagadhri.' The Deputy Commissioner of Hissar wrote: 'All the Municipalities of this District, as well as the District Board, have expressed themselves in favour of the Bill.' The Deputy Commissioner of Ferozepore wrote: 'I have consulted the District Board and the Municipalities in this district; they all consider the Bill fair, and are in favour of its being passed into law.' Nineteen District Boards are mentioned in the papers, of whom 6 are in favour of compulsion and 13 against. Considering the extremely backward condition of primary education in rural Punjab, this is not surprising. Turning next to Bengal, we find mention made in the reports of local officers of about 25 Municipalities, of whom 19 are in favour and 6 against. Also there is mention of two District Boards, of whom one is in favour and one against. There is no mention of the remaining local bodies in the Bengal papers. In Eastern Bengal and Assam papers, we find 4 Municipalities mentioned, of whom 3 are in favour; also 6 District Boards, of